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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

WESTERN DIVISION

SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN, and MARIO COLATO, Plaintiffs, vs. BEYOND MEAT, INC., et al., Defendants.	Case No. 2:23-CV-03602-MWF(AGRx) <u>CLASS ACTION</u> CONSOLIDATED CLASS ACTION COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS <u>DEMAND FOR JURY TRIAL</u>

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1. Lead Plaintiff Saskatchewan Healthcare Employees' Pension Plan ("SHEPP") and additional named plaintiff Mario Angle Colato ("Colato") (together with SHEPP ("Plaintiffs")), individually and on behalf of all others similarly situated, by Plaintiffs' undersigned attorneys, for Plaintiffs' complaint against Defendants (defined in ¶¶11-15, *infra*), alleges the following based upon personal knowledge as to Plaintiffs and Plaintiffs' own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiffs' attorneys, which included, among other things, a review of Defendants' public documents, conference calls, and announcements made by Defendants; U.S. Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Beyond Meat, Inc. ("Beyond Meat" or the "Company"); analysts' reports and advisories about the Company; interviews with former employees of the Company; and other publicly available information. Plaintiffs believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF ACTION

2. This is a securities class action on behalf of all purchasers of the securities of Beyond Meat between May 5, 2020 and October 13, 2022, inclusive (the "Class Period"), seeking remedies pursuant to §§10(b), 20(a), and 20A of the Securities Exchange Act of 1934 (the "Exchange Act") against defendants Beyond Meat, Ethan Walden Brown ("Brown") the Company's Chief Executive Officer ("CEO"), Philip E. Hardin ("Hardin") the Company's Chief Financial Officer ("CFO"), Treasurer, and Chief Operating Office ("COO") from December 2015 to May 2021, Mark J. Nelson ("Nelson") the Company's CFO from July 2021 to October 2022, as described below (collectively, "Defendants").

3. Beyond Meat is a Los Angeles-based producer of plant-based meat substitutes. This matter arises from Defendants' material misrepresentations and

omissions concerning the Company's ability to produce plant-based meats at scale to the specifications of its key customers, whom the Company refers to as "partners."

4. Throughout the Class Period, Beyond Meat misled investors by boasting about the success of its product tests with its large-scale quick-service restaurant ("QSRs") partnerships, including prominent food retailers like McDonald's, Kentucky Fried Chicken ("KFC"), Pizza Hut, and Taco Bell, knowing that the Company could not successfully scale production to meet the demand of these partners. Moreover, Defendants concealed from investors that the Company's aggressive investment plan to scale production for its strategic QSR partners, and bring costs out of the Company's production model, was failing because Beyond Meat's tone-at-the-top of growth at all costs was hindering the Company's ability to execute on its investment plans. Unbeknownst to investors, in a rush to develop and scale new products for Beyond Meat's strategic and QSR partners, Defendants were spending millions of dollars on unusable machinery, overbuilding a co-manufacturer network, and experiencing manufacturing inefficiencies at the Company's DeVault, Pennsylvania plant that were thwarting scaling efforts. Indeed, two years into the Class Period, after Defendants spent millions to support their QSR partners and reduce costs, they admitted Beyond Meat had no dedicated processes in place to scale production. These concealed facts – the inability to scale production to meet strategic and QSR partner demand, and Defendants' failing investment plan – cost the Company millions in revenue growth and decimated Beyond Meat's profitability during the Class Period. As the truth of Defendants' conduct was disclosed in a series of partial disclosures, the Company's stock price plummeted from a Class Period high of $194.95 to $13.35 at the end of the Class Period, a stunning 93% drop.

5. While investors' losses were staggering, certain Beyond Meat executives profited enormously from the fraud described herein by selling hundreds of thousands of shares of their personally held Company stock at artificially inflated prices during the Class Period. For instance, Nelson alone sold over 466,000 shares of Beyond

Meat stock during the Class Period for over $60.8 million in proceeds, including selling almost all of his holdings before he departed the Company in May 2021. Other top-level Beyond Meat executives received over $75 million in stock sale proceeds during the Class Period.

6. As a result of Defendants' wrongful acts and omissions, and the resulting decline in the market value of Beyond Meat's stock, Plaintiffs and other Class members have suffered significant damages.

JURISDICTION AND VENUE

7. The claims asserted herein arise under §§10(b), 20(a), and 20A of the Exchange Act, 15 U.S.C. §§78j(b), 78t(a), and 78t-1, and Rule 10b-5, 17 C.F.R. §240.10b-5. Jurisdiction is conferred by §27 of the Exchange Act, 15 U.S.C. §78aa.

8. Venue is proper in this District pursuant to §27 of the Exchange Act, as Beyond Meat's principle executive offices are located at 888 N. Douglas Street, Suite 100, El Segundo, California 90245, and a substantial portion of the acts and transactions giving rise to the violations of law complained of occurred in this District.

THE PARTIES

Plaintiffs

9. SHEPP was appointed lead plaintiff in this matter on July 26, 2023. ECF 27. SHEPP is a defined benefit pension plan with approximately 70,000 members and more than $10 billion in assets under management. SHEPP is the largest defined benefit pension plan in the Saskatchewan province of Canada. SHEPP, as set forth in its previously filed certification (ECF 23-2), purchased or acquired Beyond Meat common stock during the Class Period and was damaged by Defendants' conduct as alleged herein.

10. Plaintiff Colato is an individual residing in Los Angeles, California. Colato, as set forth in his certification filed herewith as Exhibit A, purchased or acquired Beyond Meat common stock during the Class Period and was damaged by Defendants' conduct as alleged herein.

Defendants

11. Defendant Beyond Meat, headquartered in El Segundo, California, is a producer of plant-based meat substitutes. The Company's common stock trades on the Nasdaq stock exchange ("NASDAQ"), which is an efficient market, under the ticker symbol "BYND." As of February 28, 2023, Beyond Meat had over 64 million shares of common stock outstanding, owned by at least hundreds or thousands of investors.

12. Defendant Brown founded Beyond Meat in 2009 and has served as the President and CEO of Beyond Meat from 2009 to the present.

13. Defendant Nelson served as CFO, Treasurer, and COO of Beyond Meat from December 2015 to May 2021.

14. Defendant Hardin served as CFO of Beyond Meat from July 2021 to October 2022.

15. Defendants Brown, Nelson, and Hardin are collectively referred to herein as the "Individual Defendants." The Individual Defendants, because of their positions with Beyond Meat, possessed the power and authority to control the contents of Beyond Meat's reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors. Each of the Individual Defendants was provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information, each of the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from the public, and that the positive representations which were being made were then materially false and/or misleading.

FACTUAL ALLEGATIONS

Company Background

16. Based in El Segundo, California, Beyond Meat is a producer of plant-based meat substitutes such as Beyond Burgers, Beyond Sausages, Beyond Meatballs, and Beyond Pepperoni. The Company sought to build "meat directly from plants" by faithfully replicating the look, taste, and texture of animal meat using only vegan, non-genetically modified ingredients. The Company's goal is to create plant-based meat substitutes that are indistinguishable from the products they seek to replicate, in order to "positively affect the planet, the environment, the climate and even ourselves."

17. Beyond Meat found success creating small, sample-sized prototypes of its product offerings, and received immense support from venture funding and celebrity investors. The Company went public in 2019 in the best-performing IPO in nearly two decades, with shares surging more than 163% in the first day of trading.

Beyond Meat's Corporate Culture/Tone-at-the-Top

18. On the heels of its IPO, Beyond Meat announced numerous high-profile partnerships with foodservice providers, including McDonald's, KFC, Pizza Hut, and Taco Bell, whom Brown would later describe during Beyond Meat's February 25, 2021 conference call as "industry titans." Indeed, McDonald's, KFC, and Taco Bell had over 25,000 U.S. locations between the three companies.

19. During the Class Period, Beyond Meat's corporate culture was dominated by Brown, the Company's founder, who maintained a growth-above-all culture and exerted pressure from the top to roll out new products on rushed and unrealistic timelines. Under Brown's leadership, the Company was entering into partnerships with large scale QSRs before establishing the technical requirements or the capital-efficient means to commercialize and scale production of the new products Defendants promised to these partners.

20. Specifically, Beyond Meat executives, including Brown, were entering into partnership agreements with large scale U.S. restaurants and QSRs such as

McDonald's and YUM! Brands that the Company called "whales," based on sales presentations where the Company's executives presented small-batch product prototypes. At the time these sales presentations were made, Defendants did not have any defined processes to scale-up production of the products they were presenting, and had not tested the products to ensure manufacturability at the scale that would be required to meet demand of these large QSR partners.

21. Defendants knew this was a critical problem because a scaled-up version of small-batch productions, particularly with the complex ingredients used in plant-based proteins, would be difficult, if not impossible, to re-create. Moreover, Beyond Meat was entering into these partnerships without first determining the capital required, or calculating the costs and expenses associated with, manufacturing product to scale. Because Defendants were desperate to close agreements with these "whales," Defendants agreed to a certain price-per-pound with these customers that was unachievable.

22. Beyond Meat's executive team overreached. They were too aggressive in trying to secure these strategic partnerships and increasing the frequency of new products launches. Defendants' aggression stemmed from desperation to achieve the sales growth and price parity with real meat that Brown had repeatedly promised investors. In short, Beyond Meat was moving too fast, with the Company's executives over-promising and under-delivering for their strategic partnerships.

23. During the Class Period, the corporate culture/tone-at-the-top created by Brown caused new product launches to be botched and delayed, and the Company was consistently missing production deadlines. Also, because of the rush to produce new products, lack of defined production processes, and capital needs, Defendants were spending millions of dollars on unusable machinery, overbuilding a co-manufacturer network, and experiencing manufacturing inefficiencies at the Company's DeVault, Pennsylvania plant that were stymieing scaling efforts.

24. Indeed, two years into the Class Period, during the Company's May 11, 2022 conference call with investors, Defendants admitted Beyond Meat had no dedicated processes in place to scale production. Then, less than a month after the end of the Class Period, during the Company's November 9, 2022 earnings conference call with investors, Defendants admitted that the Company's "growth above all operating model" had been a failure and that going forward, Defendants were limiting new product development for the Company's partners to reduce the cost and expense bleed.

The Importance of Beyond Meat's Relationship with McDonald's

25. Throughout the Class Period, Brown constantly lauded Beyond Meat's relationship with McDonald's and Beyond Meat's success with the tests and launches at McDonald's. Brown's statements served as a positive sign for analysts covering the Company that Beyond Meat would win McDonald's US business. Indeed with close to 14,000 locations in the U.S., during the Class Period analysts estimated that a U.S. roll out of the McPlant with Beyond Meat's patty would mean millions in sales for the Company. Their "bull" cases for a potential U.S. McDonald's launch often included as much as $200 million in revenue for Beyond Meat. *See, e.g.*, Morningstar's May 6, 2020 report ("Our model calls for McDonald's to offer the PLT in North America later this year (generating $200 million in 2020 sales)"); UBS's August 5, 2020 report ("We estimate Beyond Meat could earn up to ~$300mn+ in annual sales from an U.S. McDonald's partnership"); Berenberg Capital Markets' November 19, 2020 report ("we believe the primary takeaway is that the McPlant platform represents progress toward a potential U.S. plantbased protein menu addition by McDonald's"); BTIG November 11, 2021 report ("McDonald's McPlant Launch Could Add $200MM to Sales").[1]

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[1] Brown discussed Beyond Meat's relationship with McDonald's during all but one of the earnings conference calls during the Class Period.

26. A partnership with McDonald's was not just a feather in Beyond Meat's cap – it was a necessary component for Beyond Meat's development as a company. Indeed, when Brown announced Beyond Meat's partnerships with McDonald's – and Yum! – on February 25, 2021, he told investors that such partnerships were "prime examples of what we've been scaling and preparing for" and that "partnerships of this nature with partners of this caliber are required to accelerate our flywheel of availability and scale-driven cost reduction, a dominant theme in our bid for ubiquity among consumers here in the U.S. and abroad." Brown added later in the call that a partnership with QSRs like McDonald's was "a great example of . . . position[ing] this business for long-term success".

27. During the Class Period, Beyond Meat invested heavily in its relationship with McDonald's and other large QSRs. For example, Brown told investors on May 6, 2021 that McDonald's was a "reason we had a large part for gaining the capital", referring to Beyond Meat's March 2021 capital raise. Brown reiterated Beyond Meat's need to partner with McDonald's in order to drive down costs in an April 28, 2022 interview with Fast Company. During the interview, Brown emphasized what McDonald's could contribute to the relationship "on the supply chain side," noting that "the sheer size and scope of what McDonald's does every day is was new to us, right? And so working with their supply chain, and within their existing base of suppliers to help bring this thing to market and to, to bring it to fruition."

28. Through his positive statements and assurances, Brown gave investors ample reason to think that limited tests with McDonald's would evolve into a national U.S. launch for Beyond Meat and McDonald's that would help Beyond Meat scale its products at a much larger level. Brown told investors on February 27, 2020 that Beyond Meat "expan[ded] . . . our test with McDonald's to 52 restaurants in Southwestern Ontario", Canada. Then, as discussed at ¶40, Brown assured investors on May 5, 2020, that the limited Ontario test was a success, and they should expect more test launches elsewhere, stating: "there's been no change in information since

we began this test and got good results in the beginning and got good results at the end." When the McPlant was announced in November 2020, Brown stated during a November 10, 2020 interview on *Mad Money*: "We're doing things now to prepare for things in the future that involve McDonald's." Fast forward to February 25, 2021, and Brown was touting to investors how much larger of a test the McPlant was than the Ontario test, stating that when considering the "sheer number of products on our menu and volume across the world, it's very different from being referred to as participating in a test in Canada or some of the Nordic countries." By November 10, 2021, Brown told investors that "the investment levels you're seeing this year, not just specific to McDonald's, but specific to our entire Foodservice platform have been significant because of what we expect in 2022."

29. Analysts interpreted Brown's statements to mean that a nationwide launch with McDonald's was imminent. Piper Sandler published a report on December 13, 2021 reporting that "[a] nationwide US launch in MCD appears to be coming in late 1Q22", and raised its rating of Beyond Meat from underweight to neutral. Piper Sandler also noted that "[o]ur industry contacts have indicated that the McPlant will be available in about 3 months at all the nearly 14,000 US MCD locations . . . which add[ed] $35M to our [projected] 2022 US foodservice revenues." In truth, however, Beyond Meat was unable to: (1) scale a product that McDonald's wanted; and/or (2) reach a price point that was feasible for a national launch.

During the Class Period, Defendants Knew the Company Could Not Successfully Scale Production for Large QSRs

30. In reality, Beyond Meat never came close to a permanent menu launch in the U.S. Beyond Meat was unable to conform to McDonald's key requirement of product consistency at large-scale production. During trial runs, Beyond Meat achieved moderate success with small-batch production.[2] But, when Beyond Meat

[2] A batch process involves a set of ingredients and a sequence of one or more production steps that follow a pre-defined order. A set amount of product(s) are produced at the end of each sequence to make up a single batch. The processing of

switched to continuous mass production for large-scale production, the product changed composition because the ingredients were exposed to different levels of liquid, heat, and chemistry changes, causing inconsistencies in taste, moisture content, size, and texture. Beyond Meat also lacked a consistent supply chain for ingredients which also prevented product consistency. Beyond Meat's use of co-manufacturers – who used inconsistent ingredients, and in one instance mixed wood fragments from a shipping pallet into the product – also contributed to Beyond Meat's inability to meet McDonald's requirements.

31. During the Class Period, Defendants also knew they could not successfully scale production for KFC, Taco Bell, and Pizza Hut. Like McDonald's, Beyond Meat was unable to cost-efficiently scale up the original recipes for these QSRs, who were dissatisfied with the quality and sensory aspects of the products, and balked at the high cost.

32. For example, Beyond Meat was unable to scale production for its Beyond Tenders for KFC after an initial test in 2019. Beyond Meat's scaled-up batches did not conform to KFC's product specifications. Beyond Meat also drove up production costs with last-minute re-formulation attempts which also caused high amounts of product waste. Manufacturing inefficiencies also increased the price-per-pound of the product, generated excess waste, and negatively impacted gross margins. In the end, Beyond Meat was unable to meet KFC's needs.

33. Beyond Meat's Beyond Pepperoni – a product for its partnership with Pizza Hut – fared no better. Beyond Meat executives created an expensive and inefficient production process that required multiple production facilities across two continents. Pizza Hut balked at the price and expressed doubt at Beyond Meat's

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subsequent batches will only begin once all of the set amounts of products have been produced. The continuous process moves raw material from the start of the process through each production step to a final product. Rather than waiting until the unit of product is complete, raw material is fed and processed continuously to produce additional units of product.

ability to commercialize the product. The same expensive use of co-manufacturers doomed the launch of Beyond Jerky – a product from Beyond Meat's partnership with PepsiCo. Similarly, *Bloomberg* reported in October 2021 that Taco Bell cancelled a test with Beyond Meat for a carne asada product due to ongoing quality concerns.[3]

Other Manufacturing Issues Show that Defendants Could Not Scale Production

34. Beyond Meat's choices in manufacturing also prohibited any large-scale success with QSRs. In the rush to fulfill unrealistic promises to customers, Defendants, who lacked the experience and technical know-how for scaling, especially at the magnitude required for large QSRs such as McDonald's, KFC, Taco Bell, and Pizza Hut, purchased millions of dollars of manufacturing equipment before Defendants knew the technical requirements for producing the new products at scale, causing hundreds of millions of dollars in unnecessary equipment to sit idle at Beyond Meat's warehouses.

35. Beyond Meat also overbuilt its co-manufacturer network. Flouting industry practice to pay co-manufacturers when services were rendered and products were manufactured, Beyond Meat paid co-manufacturers on a tolling fee basis. Beyond Meat also terminated most of the senior staff at DeVault when it bought the plant, replacing them with inexperienced Beyond Meat employees, and causing production to plummet, which Beyond Meat compounded when it outsourced work to the more expensive and inconsistent co-manufacturers.

36. The truth about Beyond Meat's inability to scale production and failed investments was revealed through a series of partial disclosures over the course of the Class Period and as a result, Plaintiffs and other Class members have suffered significant damages as a result of the precipitous decline in the market value of the Company's common stock.

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[3] According to a July 21, 2022 *Bloomberg* article, Taco Bell had still not tested Beyond Meat's carne asada product in a single restaurant because "the fast-food chain was dissatisfied with samples."

MATERIALLY FALSE AND/OR MISLEADING CLASS PERIOD STATEMENTS

May 5, 2020 False and/or Misleading Statements and Omissions

37. The Class Period begins on May 5, 2020, when, after the market closed, Beyond Meat announced its Q1 2020 financial results and held a conference call with investors. During the conference call, Defendants reiterated the Company's commitment to accelerated product innovation for both its QSR partners and improvements to existing products and noted that despite the onset of COVID-19, the Company would continue to spend on innovation.

38. In the slide presentation that accompanied the May 5, 2020 conference call, Beyond Meat highlighted several new or expanded customer partnerships, including an expanded test with KFC in February 2020 and a limited test with McDonald's Canada from January to April 2020.

39. During the conference call, analysts covering Beyond Meat asked Defendants about the Company's partnership with McDonald's. In response to an analyst question of why the McDonald's Canada test ended in April 2020, Brown stated, "***for no negative reason at all. . . . [W]e feel very good about our relationship with McDonald's and what's going to be happening both there and potentially elsewhere.***"[4]

40. When analysts pushed further for information about the McDonald's test ending rather than expanding, Brown responded stating: "***I can assure you, there's no issue with McDonald's***" and "***there's been no change in information since we began this test and got good results in the beginning and got good results at the end.***"

41. Analysts left the conference call convinced that Beyond Meat's strategic partnerships with QSRs like McDonald's were set for success. For instance, William Blair issued a report on May 5, 2020, stating: "Management indicated it was pleased

[4] Unless otherwise specified, emphasis is placed on the portions of the statements alleged to be false and/or misleading. For the Court's convenience, attached hereto is Exhibit B, a summary chart of Defendants' false and/or misleading statements.

with the results from its test with McDonald's in Canada and sounded optimistic on the potential of the relationship." Similarly, on May 6, 2020, Credit Suisse noted that "Management described the McDonalds test in Canada as successful." J.P. Morgan also added on May 6, 2020, that "[Brown] seem[ed] optimistic that [McDonald's] is happy with how the test went, and he explicitly did not rule out an expansion down the road." On May 6, 2020, Morningstar reported that its "model call[ed] for McDonald's to offer the PLT in North America later this year (generating $200 million in 2020 sales)."

June 10, 2020 False and/or Misleading Statements and Omissions

42. On June 10, 2020, Brown represented Beyond Meat at the William Blair Growth Stock Conference. At the conference, Brown was asked for an update on the McDonald's Canada test and a potential launch. In response, Brown reiterated that "***we had a very positive test with them . . . I remain very optimistic about our business in food service.***" On the call, Brown also assured investors that none of the Company's QSR partners were "***scrapping any plans to launch.***"

43. In addition, Brown touted recent tests with Pizza Hut, Taco Bell, and KFC, claiming "***it was a terrific launch***" and "***the tests are going well, went well.***"

44. During the conference call, Brown also discussed with analysts the Company's ongoing efforts to manage the production costs associated with product innovation and assured the market that Beyond Meat was "***continuing to drive the integration of our production processes to strip out some costs, as well as we're continuing to see a maturation of the supply chain.***"

45. Following the conference call, an analyst at William Blair published a report the same day as the conference, reiterating that "Management indicated it was pleased with the results from its test with McDonald's in Canada and sounded optimistic on the potential of the relationship", and adding that "the use of foodservice formulation and capacity should help keep unit costs down."

August 4, 2020 False and/or Misleading Statements and Omissions

46. On August 4, 2020, after the market closed, Beyond Meat announced its Q2 2020 financial results and held a conference call with investors. Although the Company's financial results were disappointing due to COVID-19 related issues, during the conference call, Brown focused on what he described as positives from the quarter, including "***positive results***" in the foodservice segment from new test launches with the Company's strategic partner KFC, stating:

> In addition, and particularly noteworthy as it relates to continued advancement of our poultry platform, we recently initiated a limited-time promotion of Beyond Fried Chicken with KFC in Southern California. . . . The product sold out in half that time in Los Angeles, with San Diego not far behind. This test followed successful consumer responses in Atlanta, where Beyond Fried Chicken debuted at a single location in August of 2019 and sold out in less than 5 hours; and an expanded market test in February 2020 in the Nashville and Charlotte markets, which also received a very positive consumer response. ***We are fortunate to partner with such an iconic brand as KFC and couldn't be more pleased with these initial positive results.***

47. During the call, Defendants reported that foodservice net revenues decreased 59% compared to the prior year's same quarter, and gave details about the decrease. Brown and Nelson explained to investors that it was the independent and smaller-chain regional restaurants in the Company's foodservice segment ("mom-and-pops"), versus the Company's large-chain QSR partners, that primarily caused the decrease in the Q2 2020 foodservice revenues. Brown and Nelson explained that the Company's independent and smaller-chain regional restaurant customers were faring worse than Beyond Meat's larger QSR customers due to COVID-19 related issues. In fact, Brown assured investors that Beyond Meat's larger foodservice partners were

doing well, stating that "***we're continuing to see, when we do these launches, really good results.***"

48. Analysts following the Company continued to be reassured by Defendants' statements about Beyond Meat's large QSR partners. For instance, on August 4, 2020, an analyst from Berenberg reported that the firm "continue[d] to view large scale QSR partnerships as a significant growth opportunity for [Beyond Meat] in 2021." On August 5, 2020, Exane BNP Paribas repeated Defendants' statements, reporting that "Beyond Meat sees no fundamental issues related to its foodservice business itself." Morningstar, on August 5, 2020, revised its McDonald's prediction but remained confident, reporting: "[w]e initially expected McDonald's would launch a Beyond Meat burger across its U.S. restaurants this summer, but we now think the launch is likely to occur next summer . . . we remain confident the launch will occur."

49. Defendants' statements alleged in ¶¶38-40, 42-44, 46-47 were materially false and/or misleading at the time they were made, and/or omitted material information required to be disclosed, because they failed to disclose the following adverse information that was known to Defendants or recklessly disregarded by them. In addition to the facts alleged in ¶¶18-24, 30-35:

(a) Defendants knew the Company could not successfully scale production for its large QSR customers. Beyond Meat was unable to cost-efficiently scale up the original recipes and meet the specifications promised to its partners. Beyond Meat's partners were not only dissatisfied with the quality and sensory aspects of the products, but also with the high cost-per-pound because of the Company's inability to scale production cost-effectively.

(b) *McDonald's*: Following McDonald's initial trials in Canada, Defendants knew the Company was unable to scale-up production to supply

McDonald's with patties for its McPlant[5] burger for a full U.S. nationwide expansion at its more than 14,000 stores. Specifically, McDonald's had strict requirements for the plant-based meat patties for the McPlant burger, including consistency, taste, weight, height, shape, and texture. These requirements differed from the Beyond Burger that Beyond Meat sold at retail to other foodservice customers. Beyond Meat was unable to meet McDonald's specifications at scale for the following reasons:

(i) One of McDonald's key requirements was product consistency, which Beyond Meat could not sustain at the large-scale production phase. Specifically, Beyond Meat began using a continuous mass production process (versus small-batch production) to produce larger volumes of the McPlant patty with the initial recipes used for the trials. However, during this continuous mass production process, the product changed composition because the ingredients were exposed to different levels of liquid, heat, and chemistry changes. This change in processing resulted in product inconsistency in taste, moisture content, size, and texture. Additionally, Beyond Meat lacked a consistent supply chain for the McPlant patty ingredients (that McDonald's strictly required), which also contributed to inconsistencies in the taste and appearance of the patties.

(ii) Defendants used co-manufacturers to produce and manufacture the McPlant patties for McDonald's, which also impacted production consistency and resulted in Beyond Meat not being able to meet McDonald's strict product specifications. Specifically, Beyond Meat did not have control over its co-manufacturers, and they used inconsistent materials in their manufacturing process. As a further example of Beyond Meat's lack of control over these co-manufacturers, during the trials in Canada, representatives from McDonald's discovered foreign

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[5] Although McDonald's had not yet announced development of the McPlant burger, the PLT burger used in the Ontario test was essentially the same as the McPlant. For simplicity's sake, this Complaint will refer to the McPlant throughout.

material in product supplied by Beyond Meat that was identified as wood fragments that came from a co-manufacturer's wood pallet.

(c) *KFC*: Following KFC's initial test of Beyond Meat's plant-based chicken product in Atlanta in 2019, Beyond Meat was unable to scale up production of the plant-based chicken products for KFC to sell as permanent menu items in the U.S. for the following reasons:

(i) Beyond Meat was unable to adapt the original test lab recipes that Defendants had promised KFC to mass scale production. The scaled up batches Defendants were producing did not match up to the taste, size, texture, or moisture content of the original recipes. As a result, Beyond Meat was unable to meet KFC's U.S. product specifications for nationwide sales. Additionally, Defendants' constant re-formulation attempts to adapt the plant-based chicken recipes for mass scale production were resulting in a near 50% product waste rate on the plant-based chicken production lines, which significantly increased Beyond Meat's expenses.

(ii) In addition, Beyond Meat was experiencing manufacturing inefficiencies in producing plant-based chicken products for KFC, which also created excessive product waste, negatively impacted gross margins, and dramatically increased the price-per-pound of the product. For example, Beyond Meat used an inefficient tumbler process to freeze the chicken products as part of the manufacturing process, but this process caused the product to break apart, creating a significant amount of wasted product, which increased the cost-per-pound and Beyond Meat's ability to meet KFC's product demand. Additionally, while Beyond Meat's Missouri plant manufactured the base chicken product, it had to be shipped to the DeVault plant in Pennsylvania (then a co-manufacturer) for marinating, breading, and frying, a process which incurred extra costs and negatively impacted the Company's gross margins. Beyond Meat was also using co-manufactures for its plant-based chicken products, which was increasing the cost per pound and decreasing throughput levels, causing Beyond Meat to be unable to meet customer demand.

(d) *Beyond Chicken Tenders*: Beyond Meat was struggling with delayed product launches for its other foodservice customers because of manufacturing inefficiencies, and the Company's inability to scale production. For example, as Defendants later admitted, and *Bloomberg* later reported, the Company's July 2021 launch of Beyond Chicken Tenders had been in the making for over a year, and was expensive and inefficient because the Company was using higher cost co-manufacturers to produce the product and experienced lower throughput levels, which limited the number of restaurants where the product was launched and increased production costs.

(e) The Company was experiencing undisclosed production and manufacturing problems and inefficiencies that were causing Beyond Meat's costs and expenses to dramatically increase. In addition to the production and manufacturing inefficiencies described in ¶¶49(a)-(d) above:

(i) Beyond Meat executives, including Brown, were entering into partnership agreements with large scale U.S. restaurants and QSRs such as McDonald's and YUM! Brands that the Company called "whales," and rushing products to market, before Beyond Meat executives knew the technical or capital requirements for manufacturing products for these QSRs at scale. As a result, new product launches were botched and delayed, the Company was consistently missing production deadlines, and product re-formulations and internal production trials were increasing. Less than a month after the Class Period, Defendants admitted that the Company's "growth above all" operating model had been a failure and that going forward the Company was limiting new product development for its foodservice strategic partners to reduce expenses.

(ii) As Beyond Meat was rushing to develop new products for its partners, Defendants were purchasing multimillion-dollar commercial manufacturing equipment before Defendants knew the technical requirements for producing the new products at scale. As a result, hundreds of millions of dollars in

unnecessary equipment was sitting idle at Beyond Meat warehouses. Beyond Meat was also overbuilding its co-manufacturer network, which created manufacturing inefficiencies and was impacting the quality and consistency of the Company's products. Beyond Meat was also contracting with an unnecessary number of co-manufacturers for production, which reduced Beyond Meat's in-house production and increased expenses.

(iii) Beyond Meat's executive management team lacked the experience to run the day-to-day operations of a food-focused company like Beyond Meat and to commercialize and scale-up product production. For example, during the Class Period, Beyond Meat executives were constantly changing production formulations. These re-formulation decisions (*i.e*., whether chicken tenders should be raw or pre-cooked product) were causing production delays, and in turn lost sales, because of the time it took to set up new production lines to carry out these last-minute changes. These constant re-formulations were also causing up to 50% waste on production lines, which caused production costs to significantly increase. Beyond Meat's executive managements' inexperience to run the day-to-day operations of the Company and to commercialize and scale-up production, continued throughout the Class Period as executive departures plagued the Company. *See*, ¶¶168-173, below.

(iv) Additionally, before and during the Class Period, Beyond Meat had no enterprise systems in place to track or manage its global inventory, and inventory controls were poor throughout the Company, which resulted in expired and obsolete product that had to be written off or reserved over the course of the Class Period. Master forecasts, production schedules and inventory management and tracking were done on Google Sheets and Excel Spreadsheets. After the Class Period, during a February 23, 2023 conference call with investors, Brown admitted that the Company had just recently "invested in an inventory management system to improve inventory visibility and management across the Company's global network of manufacturing sites and warehouses."

THE TRUTH BEGINS TO EMERGE IN SEVERAL PARTIAL DISCLOSURES WHILE DEFENDANTS CONTINUED TO MISLEAD INVESTORS

November 9, 2020 Partial Disclosure and False and/or Misleading Statements and Omissions

50. On November 9, 2020, after the market closed, Beyond Meat announced its Q3 2020 financial results in a press release and held a conference call with investors. During the conference call, Defendants reported a 41% decrease in foodservice net revenues compared to the prior year same quarter due in part to "delays in launches or expansions with strategic partners," blaming COVID-19. Defendants also reported a 670 basis point decrease in adjusted gross margin from the prior year quarter (excluding costs attributable to COVID-19), in part due to higher inventory levels and production costs, and a $14.8 million increase in operating expenses for increased investments made "to support our long term growth initiatives." Defendants also reported a $1.1 million inventory reserve and write-off associated with "unsalable" foodservice products, again blaming COVID-19.

51. During market trading hours on November 9, 2020, McDonald's publicly announced its new plant-based meat product called the McPlant, stating that the "McPlant is crafted exclusively for McDonald's, by McDonald's," making no reference that Beyond Meat would be the supplier of the McPlant patty. After McDonald's announcement on the same day, *Reuters* issued a press release confirming the McPlant news and including a quote from a Beyond Meat spokesperson stating the "Beyond Meat and McDonald's co-created the plant-based patty which will be available as part of their McPlant platform."

52. Analysts following Beyond Meat responded cautiously to McDonald's announcement and Beyond Meat's response. For example, on November 10, 2020, an analyst at BTIG issued a report stating that "we find it extremely strange that neither [McDonald's or Beyond Meat] is willing to confirm a relationship or intent to work together." An analyst from Credit Suisse also issued a report on November 10, 2020,

stating "we see several reasons to remain cautious including . . . uncertainty regarding Beyond's level of participation in McDonald's new McPlant burger."

53. As a direct result of these partial corrective disclosures, Beyond Meat's stock price declined almost 17%, from a closing price of $150.50 on November 9, 2020 to a closing price of $125.01 on November 10, 2020, on a massive trading volume of over 29.7 million shares. However, Defendants also made false and/or misleading statements and omissions during the November 9, 2020 conference call that served to buffer the impact of Beyond Meat's financial results and the news about McDonald's, and maintained the artificial inflation in Beyond Meat's stock price.

54. Specifically, during the conference call, Nelson blamed the $1.1 million inventory reserve and write-off on COVID-19, stating "Included in the cost of goods sold during the quarter was $1.8 million of expenses ***directly related to COVID-19***, including $1.1 million in inventory write-offs and reserves associated with Foodservice products deemed to be unsalable."

55. Similarly, Brown blamed COVID-19 for any delay in full-scale QSR and partner product launches, stating: "***there's [] testing going on, but I think folks are waiting for a resumption of full economic activity before they start to really add things into the menu. So that's happening in the U.S., and it's happening in the EU as well. And we get that. There's just complexity to the menus already.***"

56. Also on the conference call, Defendants were quick to address the McDonald's issue. While Brown did not confirm that Beyond Meat would be McDonald's supplier for the McPlant patty, he assured investors that: "***Our relationship with McDonald's is good. It's really strong. Our work there on behalf of what they're doing continues***" and "***I feel, as I said in the past, good about that relationship and good about what we're contributing to the McPlant platform.***"

57. An analyst from J.P. Morgan further questioned Beyond Meat's relationship with McDonald's and Brown again responded positively, stating:

> I will say this, ***everything I've said is true that we have developed very long-term relationship with [McDonald's]. We worked very hard on developing the burger that was in the PLT, and it will be in the McPlant***. But it's really up to them to say the extent of that where it's going to be, how it's going to be there. But everything that I've been doing and our research team has been doing is marching towards a particular outcome with them, and ***I feel good about that***.

58. During the call, Defendants also announced that Beyond Meat acquired a former co-manufacturing plant in Pennsylvania that would lower the Company's cost of production while also increasing its supply and U.S. distribution capabilities. Specifically, Brown told investors that the new Pennsylvania plant would support an integrated product production, stating:

> First, we recently completed the acquisition of one of our former co-manufacturing facilities in Pennsylvania. ***The capability to produce a certain portion of our finished goods completely in-house is a key part of our longer-term strategy to reach price parity with that of animal protein. We intend to use our new Pennsylvania facility to not only reduce production costs but to pilot processes and products, including our newly designed continuous production lines and perform initial scale-up trials of new products.*** With the addition of this wholly-owned production capacity, ***we're also welcoming some 180 employees to the Beyond Meat family.*** I should note that we will continue to align ourselves with best-in-class co-packing partners here and abroad and expect the acquisition of our new Pennsylvania facility to only strengthen these relationships, ***as we'll be able to do important product scaling work in-house*** before transferring certain downstream activities to these partners.

59. Defendants' statements alleged in ¶¶54-58 were materially false and/or misleading at the time they were made, and/or omitted material information required to be disclosed, they failed to disclose the following adverse information that was known to Defendants or recklessly disregarded by them. In addition to the facts alleged in ¶¶18-24, 30-35, 49:

(a) Defendants knew the Company could not successfully scale production for its large QSR partners. As described above in ¶¶49(a)-(d), Beyond Meat was unable to cost-efficiently scale up the original recipes, and meet the specifications promised to its partners. Beyond Meat's partners were not only dissatisfied with the quality and sensory aspects of the products, but also with the high cost-per-pound because of the Company's inability to scale production cost-effectively.

(b) In addition to the undisclosed production and manufacturing problems and inefficiencies set forth above in ¶49(e), Beyond Meat was also suffering from manufacturing problems at its DeVault, Pennsylvania manufacturing facility. After Beyond Meat acquired the DeVault plant in September 2020, it terminated most of the senior staff and filled the positions with Beyond Meat employees who had little-to-no experience in operating a manufacturing plant. Prior to Beyond Meat's taking over DeVault, the plant's plant-based chicken production lines produced nearly one million pounds of product per day. After Beyond Meat management took over the plant, production time decreased to one day a week and production waste and unsalable product dramatically increased due to lack of knowledge about running the plant and product formulation problems.

(c) Beyond Meat was also continuing to overbuild its co-manufacturer network, which created manufacturing inefficiencies and was impacting the quality and consistency of the Company's products. Beyond Meat was contracting with an unnecessary number of co-manufacturers for production, which reduced Beyond Meat's in-house production and increased expenses. For example, after adding a

significant number of additional co-manufacturers, production at the DeVault plant was drastically reduced from 1.2 million pounds per week to 200,000 per week. Likewise, employees at one of Beyond Meat's Missouri plants often did not have full workloads because their work had been outsourced to co-manufacturers for a higher cost. The cost for co-manufactures to produce Beyond Meat product was more than triple the cost for in-house production ($0.30 per pound at DeVault versus $0.80 to $1.36 per pound for the co-manufacturers). Beyond Meat had to give certain contracted volumes to co-manufacturers, otherwise it would have to pay underutilization fees. Moreover, Beyond Meat wasted money by paying co-manufacturers on a tolling fee basis, contrary to the industry standard to pay co-manufacturers when services are rendered and products are manufactured. Further, by using so many co-manufacturers, Beyond Meat unnecessarily lost control of the manufacturing process, and co-manufacturers used inconsistent ingredients, preventing Beyond Meat from establishing a method to manufacture products at scale.

(d) The DeVault plant had inventory management issues that caused a massive amount of product to be discarded due to expiration, increasing the Company's expenses. Specifically, the majority of Beyond Meat's product required cold storage. But Beyond Meat eliminated all of the cold storage space at the DeVault plant to make room for additional manufacturing equipment. This resulted in Beyond Meat having to rent freezer trucks off-premises and third-party freezer space to store product, which increased operating expenses. Additionally, this new storage configuration caused product to be misplaced and lost and led to the Company abandoning its inventory management processes, which resulted in an accumulation of expired inventory that had to be discarded and/or written-off.

February 25, 2021 False and/or Misleading Statements and Omissions

60. On February 25, 2021, Beyond Meat announced its Q4 2020 and fiscal year ("FY") 2020 financial results and held a conference call with investors. In conjunction with the financial results announcement, Beyond Meat also issued a press

release officially announcing a "three-year global strategic agreement" partnership with McDonald's and a partnership with Yum! Brands, clearing up any remaining market confusion about the Company's partnership with McDonald's and offsetting the negative impact to Beyond Meat's stock price from the Company's Q4 2020 financial performance.

61. The press release boasted that the agreement "further solidifie[d] the relationship between McDonald's and Beyond Meat." Beyond Meat's press release also quoted Brown as claiming the agreement "[would] combine the power of Beyond Meat's rapid and relentless approach to innovation with the strength of McDonald's global brand."

> Beyond Meat, Inc. (NASDAQ: BYND) today announced the establishment of a three-year global strategic agreement with McDonald's Corporation. ***As part of the agreement, Beyond Meat® will be McDonald's preferred supplier for the patty in the McPlant®, a new plant-based burger being tested in select McDonald's markets globally. In addition, Beyond Meat and McDonald's will explore co-developing other plant-based menu items – like plant-based options for chicken, pork and egg – as part of McDonald's broader McPlant platform.***
>
> The agreement will bring together McDonald's iconic global brand with Beyond Meat's leading expertise in plant-based protein development to create and market innovative new plant-based menu offerings. This announcement further solidifies the relationship between McDonald's and Beyond Meat, which began in 2019 with the Canadian test of a sandwich made with Beyond Meat's plant-based patty.

62. The press release stated that the YUM! Brand partnership was for the co-creation of plant-based protein menu items at three of the largest U.S. QSRs: KFC, Pizza Hut, and Taco Bell. Although the Company had tests with McDonald's and

YUM! Brands (KFC, Taco Bell, and Pizza Hut), before these agreements were announced, Defendants staked these agreements to demonstrate to investors that the Company's foodservice growth strategy was moving forward.

63. Analysts following Beyond Meat reacted positively to this announcement. For example, Berenberg Capital Markets stated, in a February 25, 2021 report, that "BYND had previously announced various test launches with KFC, Pizza Hut, and Taco Bell of varying scale over the past year and a half, and we view this announcement as the culmination of those test launches." J.P. Morgan added that "we did not actually know for sure until now that BYND would be supplying anything to MCD, so this news is constructive."

64. During the conference call, Brown and Nelson personally touted new partnerships with McDonald's and YUM! Brands. Specifically, Brown stated:

> To this end, I'm pleased to share with you today 2 significant global partnerships, one with McDonald's, and the other with Yum! Brands, the parent company of Kentucky Fried Chicken, Pizza Hut and Taco Bell, both of ***which are prime examples of what we've been scaling and preparing for.***

65. Brown also assured investors about the operational investments Beyond Meat was making to prepare for the growth from its large strategic partners like McDonald's and YUM! Brands, stating that "***Over the last year, you've seen us make significant investments in operations capabilities and infrastructure***. These investments were and are continuing to be made to prepare for the growth ahead."

66. Nelson echoed the same assurances on the conference call, assuring investors that "We continue to lay vital building blocks for our future growth by proceeding with investments in additional production capacity, research and development efforts, marketing capabilities, international expansion and our corporate infrastructure."

67. On the call, Defendants also answered analysts' questions, and explained in more detail, about Beyond Meat's strategic partnerships with McDonald's and Yum! Brands. Brown stated:

> I think that – Yum has obviously been aggressive as well in all the right ways. ***And so the use of the word preferred there is intentional on the McDonald's side***. There's some ins and outs into how we relate across the global chain. But the – ***what we try to express in that release, I think, is pretty descriptive in the sense that we'll be the preferred global supplier for the McPlant plant-based burger patty***. There are some products that are already in the market throughout the chain that would be held aside, and so outside of this agreement. ***But we also are working with them in a collaborative sense looking at these other areas of poultry, pork and egg. So think about it as a collaborative relationship to really put the best products on the market in the plant-based space with McDonald's.***
>
> Going over to Yum!, very similar in the sense that there's some ins and outs about how each brand participates. ***But overall, think about us as a preferred supplier in that regard***. So ***we've got some great work we've done with Pizza Hut***. Obviously, ***we've done some really good things with KFC***. ***You heard earlier this year about Taco Bell***. ***These are partners that we're going to be deeply innovating with and bringing the very best of our innovation. We have this brand-new campus that we're building***. The work we're doing with these and other CT partners are very, very – intensively the design of that facility. And Yum! and McDonald's have a special place they're in.

68. When an analyst asked if Brown could provide "some visibility into the near term a little bit", Brown again assured investors about the large investments Beyond Meat was making to support its strategic partners, stating:

> I think the one thing that I'll continue to caution folks on is we're investing right now. And all the investments you saw us do last year and the fourth quarter that resulted in numbers that maybe you didn't like on the EPS side, et cetera, ***they're for a reason. . . . We're commercializing a lot. We're building new facilities. We're adding operational staff. There's a lot of cost that goes into growing a business that today has a certain amount of revenue, but is being grown and established for tomorrow's revenue, right? And we're not doing those in a hope and a prayer. We're doing this as we put together some of the most powerful partnerships in the world, whether it's a Pepsi deal we announced, whether it's Yum!, whether it's McDonald's.***

69. Brown also responded to an analyst's question asking for an update on the Company's relationship with McDonald's, stating:

> Yes. So I mean, I think there is a very much more robust structure that we're in now. We've worked with both of these companies for a very long time, and it's been a pleasure to work with them. They've got some outstanding folks there, and this is a formalization of that in a more organized structure. ***And so when you think about being named the preferred supplier in both of these environments and the sheer number of products on our menu and volume across the world, it's very different from being referred to as participating in a test in Canada or some of the Nordic countries. So it is very different in kind in my view.***

70. Later in the call, Brown discussed the Company's strategy for reducing costs to produce Beyond Meat's products and again confirmed that the acquisition of the Pennsylvania manufacturing plant was a step in that direction, stating "***we're going to bring a lot of cost out of our production model. And you're starting to see us do that, whether it's in the facility we just purchased in Pennsylvania, where we're putting in an integrated process so we can go end-to-end there***."

71. Defendants' statements alleged in ¶¶60-62, 64-70 were materially false and/or misleading at the time they were made, and/or omitted material information required to be disclosed, because they failed to disclose the following adverse information that was known to Defendants or recklessly disregarded by them. In addition to the facts alleged in ¶¶18-24, 30-35, 49, 59 above:

(a) Defendants knew the Company could not successfully scale production for its large QSR partners. As described above in paragraphs ¶¶49(a)-(d), Beyond Meat was unable to cost-efficiently scale up the original recipes and meet the specifications promised to its partners. Beyond Meat's partners were not only dissatisfied with the quality and sensory aspects of the products, but also with the high cost per-pound because of the Company's inability to scale production cost-effectively.

(b) Beyond Meat was also continuing to struggle with production and manufacturing problems and inefficiencies set forth above in ¶¶49(e), 59(b)-(d).

May 6, 2021 Partial Disclosure and False and/or Misleading Statements and Omissions

72. On May 6, 2021, after the market closed, Beyond Meat announced its Q1 2021 financial results and held a conference call with investors. During the conference call, Hardin reported an 8% decrease year-over-year in gross margin for the quarter due to higher transportation costs, higher warehousing costs related to higher inventory levels, and higher expenses associated with investments made to build out production capacity and commercialization for Beyond Meat's strategic QSR customers. During the conference call, Hardin reported that operating expenses for the quarter increased to $57.4 compared to $35.9 million year-over-year primarily due to a significant increase in "production trial activities," and increased headcount levels as the Company continued to expand product development and commercialization of its products. Hardin also reported the net loss for the quarter was $27.3 million compared to net income of $1.8 million in the Q1 2020.

73. During the conference call, Brown told investors that the Company would continue its aggressive investment strategy to support commercialization for Beyond Meat's strategic QSR customers over the upcoming quarters and warned that gross margins would continue to be negatively impacted.

74. As a direct result of this partial corrective disclosure, Beyond Meat's stock price declined 7%, from a closing price of $119.04 on May 6, 2021 to a closing price of $110.73 on May 7, 2021, on unusually high volume of over 9.3 million shares traded. However, Defendants also made false and/or misleading statements and omissions in the May 6, 2021 conference call that served to buffer the impact of Beyond Meat's disappointing financial results and maintained the artificial inflation in Beyond Meat's stock price.

75. Specifically, in response to an analyst's question about the McDonald's partnership, Brown noted that McDonald's was "such an important customer to us" and that "[o]ur relationship with them has been great for a long time."

> First of all, I'm superstitious, since I was very worried that we'd have one analyst call where McDonald's wasn't mentioned. So thank you for mentioning McDonald's. So it's – they're going to – really, it's like – ***it's such an important customer to u***s. It's an important partner to us. ***Our relationship with them has been great for a long time***. ***We had to just keep reassuring people that was the case. I'm glad that they finally allowed us to talk about that publicly.***

76. During the call, Brown gave more detail about the Company's specific ongoing investment spending to support Beyond Meat's strategic QSR customers, stating:

> ***Specific investments and activities include: the establishment of more localized production within close proximity of our highest priority markets; more integrated end-to-end production processes across a greater proportion of our manufacturing network; scale-***

> ***driven efficiencies in procurement and fixed cost absorption; . . . continued improvements in throughput across our manufacturing network; [and] certain product and process innovations and reformulations . . . .***

77. Brown also told investors that scaling production for its foodservice customers was critical to the Company's cost management efforts and that Defendants were "***continuing to optimize commercial production at the Pennsylvania plant we acquired last year in support of strategic QSR customers in our retail business, we are adding new lines in our Columbia, Missouri facility.***"

78. On the call, Brown also confirmed that "in early March, we . . . closed $1 billion convertible senior notes offering", which "raised $1.04 billion in net proceeds for Beyond Meat." When asked by an analyst what Beyond Meat would be doing with the $1.1 [billion] capital raise, Brown told investors that the "relationships . . . with McDonald's and with Yum! Brands" were "the reason we had a large part for gaining the capital." Brown stated:

> So what this does is it ***gives us the opportunity to continue to move at a pace that matches the opportunity. And so if you look at the relationships we just signed with McDonald's and with Yum! Brands, if you look at a lot of the names that we've been active with even before COVID and particularly before COVID in the QSR space, none of those have gone away as relationships. And so I wanted to be in a position where I had the personnel, the facilities and the research and development to be the best partner they can possibly have, even as we continue to grow in our retail space. So that was the reason we had a large part for gaining the capital.***

May 19, 2021 False and/or Misleading Statements and Omissions

79. On May 19, 2021, Beyond Meat held an Annual Shareholders Meeting. During the meeting, when asked for an update on McDonald's, Brown again assured

investors about Beyond Meat's relationship with McDonald's, stating: ***"The relationship with them is – remains really strong, as I've said for years."***

August 5, 2021 False and/or Misleading Statements and Omissions

80. On August 5, 2021, Beyond Meat hosted an earnings call for its Q2 2021 financial earnings. On the conference call, Brown answered analysts' questions about when the Company would start seeing a ramp up from its strategic partnerships. Brown told investors that "you'll see us continue to add QSR distribution of the largest QSRs at a very healthy pace."

81. When asked specifically about when investors should expect for the McDonald's partnership to ramp up, Brown stated that "I think you will see some activity this year that is test in nature and things like that or market analysis and tests and things like that" and "the general uptick will be in 2022 from what we're seeing."

82. Brown also told investors Beyond Meat was "investing in all sensory aspects of our platforms and products, including flavor, aroma, appearance and texture . . . with the goal of collapsing the differences between our products and their animal protein equivalents," and that "we are investing at a healthy pace in the commercialization of products and platforms for our QSR partners and for retail markets."

83. In response to an analyst's concerns about the increase in the Company's Q2 2021 operating expense increase, Brown stated "a lot of that [operating expense] is going into the areas you'd want, which are people costs in terms of adding new talent, a lot of it in innovation, a lot of it in commercialization of products."

84. On the call, analysts also raised concern about the discrepancy between Beyond Meat's purported increase in manufacturing capacity but lack of sales growth. In response, Brown eased investors' concerns by stating that the Company had a plan in place to increase sales growth, stating:

> So I think it is a combination of these efficiencies we're going to be driving through increased throughput and all the other cost-down

> programs that we're pursuing . . . . And then what I just said about the U.S. retail to be layered on top of that in terms of different form factors. ***And so you see a steady improvement in the COGS structure as we implement this cost-down program on our existing product lines***, the ability to offer those to consumers at a lower price, and then you layer on the strategic launches with our partners and then the new innovation coming across those 3 platforms, and that's how you bridge that.

85. Later in the call, when asked about Beyond Meat's competition, Brown stated that because of the "partnerships we have with McDonald's, with Yum, across the KFC, Pizza Hut and Taco Bell banners", the Company was "really well positioned in the Foodservice space." Beyond Meat's Vice President, FP&A and Investor Relations, Lubi Kutua ("Kutua"), added that "we're going to continue to pursue growth with some of the large strategic QSR partners out there."

October 22, 2021 and November 10, 2021 Partial Disclosure and False and/or Misleading Statements and Omissions

86. On October 22, 2021, Beyond Meat issued a pre-earnings announcement press release telling investors that the Company was reducing its Q3 2021 net revenue outlook from between $120 million to $140 million to just $106 million, a decline of 12% to 25%. In the press release, Beyond Meat reported that a decline in U.S. foodservice sales negatively impacted revenues during the quarter, blaming COVID-19. As part of the announcement, Beyond Meat also revealed the Company's expenses were continuing to rise and the Company experienced operational and inventory challenges during the quarter.

87. As a direct result of this partial corrective disclosure, Beyond Meat's stock dropped 11.8%, from a closing price of $108.62 on October 21, 2021 to a closing price of $95.80 on October 22, 2021, on an unusually high volume of over 14 million shares traded. Analysts reacted negatively due to the October 22, 2021 disclosure. For example, on October 26, 2021 a Credit Suisse analyst issued a report

lowering Beyond Meat's target price from $123.00 per share to $96.00 per share, stating that "Beyond's operational challenges this year may hurt the company's credibility with large QSR chains like [McDonald's] to meet volume commitments."

88. On November 10, 2021, after the market closed, Beyond Meat announced its Q3 2021 financial results and held a conference call with investors. Defendants reported net revenue in-line with the reduced guidance given by the Company two weeks earlier on October 22, 2021, and provided investors with details about its Q3 2021 financial results.

89. During the conference call, Defendants disclosed that the inventory challenges reported in the October 22, 2021 pre-earnings announcement negatively impacted the quarter's gross margins because of a $1.9 million inventory write-off, blaming water damage at one of the Company's warehouses. During the call, Defendants reported that gross margin also declined due to higher transportation costs, warehousing fees, and higher expenses associated with investments made to scale-up and commercialize products for Beyond Meat's strategic foodservice customers. During the call, Hardin reported Q3 2021 gross margin decreased to 21.6% for the quarter from 27.3% the prior year due to these issues. In an analyst report issued on November 10, 2021, Piper Sandler noted that "[Q3 2021] margins were lowest in [the Company's] reported history."

90. During the conference call, Defendants also reported dramatically increased operating expenses of $77 million compared to $44 million in the prior year quarter, including increased expenses to support commercialization, and increased production trial activities. Defendants also reported a net loss of $54.8 million compared to a net loss of $19.3 million in the prior year same quarter.

91. During the conference call, Brown said that the Company experienced delays with respect to many of its strategic QSR customers, including moving from tests to fuller launches, which was disruptive to the Company's growth trajectory. While Brown blamed COVID-19 for the delays, an analyst from BTIG who covered

the Company believed that the U.S. foodservice decline was likely impacted by the discontinuation of Beyond Meat's strategic partnership with Dunkin' Donuts, stating: "domestic foodservice revenue declined 7.3% vs. the year-ago period, which we believe was likely impacted by the discontinuation of the Dunkin' (Private) partnership." Other analysts also questioned COVID-19 as the reason for sales declines. A November 11, 2021 report issued by Credit Suisse stated, "But why should we believe that macro factors are the reason for Beyond's slowdown when so many other early-stage growth brands . . . are performing so well," including the Company's competitor Impossible Burger.

92. As a result of this partial corrective disclosure, Beyond Meat's stock price declined over 13%, from a closing price of $94.48 on November 10, 2021 to a closing price of $81.93 on November 11, 2021, on a massive trading volume of 20.7 million shares. However, Defendants also made false and/or misleading statements and omissions in the November 10, 2021 press release and conference call that served to buffer the impact of Beyond Meat's disappointing results and maintained the artificial inflation in Beyond Meat's stock price.

93. Specifically, the press release quoted Brown as stating that regarding "scaling products and infrastructure for our strategic quick serve restaurant partners, bringing new product to retail markets, [] investing in innovation, commercialization, and production capabilities here in the U.S., EU, and China, we believe we are steadily executing against our vision of being tomorrow's global protein company."

94. During the conference, Brown touted to investors several product launches. Brown stated that Beyond Meat "began the early stages of a national rollout of Beyond Chicken Tenders" and noted that investors "should expect to see more from us under this platform in the near future."

95. Brown also provided an update on McDonald's stating: "McDonald's initiated a small limited time operations test at 8 restaurants here in the U.S." Brown also told investors that Beyond Meat "introduced Beyond Meat Nuggets nationwide at

A&W on a limited time basis, marking another great milestone within our earliest QSR partners."

96. Brown also touted to investors that "Pizza Hut launched a limited rollout of our latest product innovation Beyond Pepperoni at roughly 70 locations across 5 U.S. markets" and that "***we overcame numerous technical challenges*** to ensure that Beyond Pepperoni is nearly indistinguishable from Pizza Hut's iconic original pepperoni."

97. Brown also assured investors that Beyond Meat's investments for its strategic foodservice customers "[were] not founded on hopeful thinking, but rather are the result of planning against key partnerships, market development initiatives and other opportunities."

98. During the question-and-answer portion of the call, Brown stated that "the McPlant test here in the U.S. and then the larger activities in the Netherlands and Austria and the U.K." "ha[d] been successful."

99. Brown also assured investors that there were no "operational challenges" regarding the McPlant launch:

> [BTIG Analyst:] Is there any reason to believe that McPlant with Beyond Meat would have any operational challenges? Is the product any different at all than a traditional beef patty in terms of cook times or the ability to get it made in the amount of time? Just wondering where the operational challenges may land?
>
> [Brown:] Yes***. I haven't heard that, that there's any operational challenges*** within the back of the house. And certainly, what I've seen from the stores that I have toured, they seem to be doing really well. ***It's a great product***. I don't know if anyone in phone has had an opportunity to have it, but it just – if you want some reassurance about where we're headed, go get a McPlant. Absolutely delicious. And yes, we're excited about it.

100. Brown also told investors that Beyond Meat's investments for its large QSR partners would pay off in 2022, stating:

> ***What I will say is that the investment levels you're seeing this year, not just specific to McDonald's, but specific to our entire Foodservice platform have been significant because of what we expect in 2022. And in fact, some of the addition that I mentioned to our management team is also going to be revealing in terms of what we're looking for in 2022.***

101. Later in the call, when asked whether he was "committed to [price parity] at kind of all costs", Brown declined to directly answer, but assured investors that Beyond Meat was "***continuing to drive down cost of our materials***", that the Company "***[would] be able to offer cost reductions over time***", and that ***"we're making really good progress***."

> [William Blair analyst:] Okay. And then you talked about the objective of getting to price parity again within 2.5 years in one of your categories. I'm just wondering what's the most – I mean what has to happen for you to do that? And I mean are you committed to that at kind of all costs? Or are there kind of margin objectives or cost-out objectives that you're going to have to achieve in order to kind of reach that level of price relative to where you sit today?
>
> [Brown:] But over the long run, it's the things that we've talked about. ***It's continuing to drive down cost of our materials***, which there's an inflationary pressure across the board. But because we're a new industry, we're also getting the benefit of new entrants and people scaling and ***be able to offer cost reductions over time***.
>
> So we have a very big program here. Phil, is leading it with an outside consulting group, and ***we're making really good progress***. So I'm not backing away from that. I got – about 2.5 years to meet it. I

think it will be in beef, and we're getting a lot of help too because the commodity pricing on beef is going up.

102. Analysts following Beyond Meat reacted to Defendants' statements by emphasizing the importance of McDonald's to Beyond Meat's success. For instance, Piper Sandler reported on November 10, 2021 that "McDonald's is still key to our 2022 outlook," and modeling an "80% US foodservice lift behind a US McDonald's rollout." BTIG added on November 11, 2021 that "[a]ll eyes now seem to be on the performance of McPlant in Europe and the potential launch in the U.S. next year" and "estimate[d] the McPlant could generate ~$200MM in additional revenue for Beyond Meat if launched nationally at more than 13,000 locations." J.P. Morgan also noted that "Beyond is spending a great deal on capex . . . for a reason; perhaps it is highly confident in an expansion with [McDonald's] or another QSR taking place."

103. Defendants' statements alleged in ¶¶75-79, 84-85, 95-101 were materially false and/or misleading at the time they were made, and/or omitted material information required to be disclosed, because they failed to disclose the following adverse information that was known to Defendants or recklessly disregarded by them. In addition to the facts alleged in ¶¶18-24, 30-35, 49, 59 above:

(a) Defendants knew the Company could not successfully scale production for its large QSR partners. As described above in paragraphs ¶¶49(a)-(d), Beyond Meat was unable to cost-efficiently scale up the original recipes for the specifications promised to its partners. Beyond Meat's partners were not only dissatisfied with the quality and sensory aspects of the products, but also with the high cost-per-pound because of the Company's inability to scale production cost-effectively. Also within just a few weeks of the November 10, 2021 conference call, *Bloomberg* reported that in October 2021 Taco Bell cancelled a planned test of

Beyond Carne Asada due to ongoing quality concerns.[6] *See* ¶¶111-117. Similarly, two months later, *Bloomberg* reported that several other of Beyond Meat's QSR foodservice customers, had dropped or discontinued Beyond Meat menu items. *See* ¶¶118-119.

(b) More of Beyond Meat's new product launches for its foodservice customers and partners were continuing to be botched and delayed because of manufacturing inefficiencies, and the Company's inability to scale production. For example, Beyond Meat was also experiencing production setbacks and launch delays of Beyond Pepperoni, a product the Company was producing for Pizza Hut. In August 2021, Beyond Meat ran a small test of Beyond Pepperoni for less than 70 Pizza Hut locations. In the months leading up to the test of Beyond Pepperoni, there were ongoing internal disagreements over production, which resulted in an expensive and inefficient production process that significantly increased production costs. Specifically, salami-like links known as "chubs" were manufactured at Beyond Meat's Pennsylvania plant, then flown to a European manufacturing facility for slicing, then brought back to the U.S. for the Pizza Hut test. This multi-location process significantly increased the price of the Beyond Pepperoni for Pizza Hut, who balked at the high price and expressed doubt to Beyond Meat about its ability to produce product at commercial scale. The launch of Beyond Jerky in partnership with PepsiCo suffered from a similar botched launch. As Defendants later admitted, the Company could not scale production of the product because it lacked the necessary processes, which eroded the Company's gross margins on the product and consumed almost all of Beyond Meat's internal manufacturing lines, meaning the Company had to use high cost co-manufactures for its other products. Production costs for Beyond Jerky skyrocketed because the product was made in a single batch process across

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[6] According to a July 21, 2022 *Bloomberg* article, Taco Bell had still not tested Beyond Meat's carne asada product in a single restaurant because "the fast-food chain was dissatisfied with samples."

multiple facilities which increased processing costs and transportation fees for each step.

(c) Beyond Meat was also continuing to struggle with production and manufacturing inefficiencies and problems set forth above in ¶¶49(e), 59(b)-(d), 103(b).

November 17, 2021 *Bloomberg* Article and Defendants' Denial

104. Less than a week later, on November 17, 2021, *Bloomberg* published an article titled *Beyond Meat's Delayed Chicken Launch Extends Post-IPO Woes*, highlighting the delays in product roll out and execution challenges Beyond Meat was facing. Citing five former Beyond Meat employees, the *Bloomberg* article exposed the Company's ongoing scaling and manufacturing problems and how those problems were tarnishing the Company's relationships with potential partners.

105. Specifically, the *Bloomberg* article discussed Beyond Meat's struggles in launching a chicken product, noting that despite "the expanded partnership with Yum" announced earlier in 2021, "a national Beyond Fried Chicken rollout still hasn't materialized." The article also reported that "[t]he slow, uneven launch was the result of significant internal problems around formulation — from confusion and misalignment to belated decision-making — leading to corresponding production delays, according to multiple former employees with knowledge of the matter."

106. The article also reported that Beyond Meat's belated decision-making "had a domino effect" of delaying product launches because the Company relied heavily on third party co-manufactures. For example, in the article, former employees reported that during the alt-chicken production process, "[q]uestions arose about whether the chicken product should be raw . . . or pre-cooked . . . . Late in the process, the Beyond team landed on a cooked tender." The article noted that with changes like that, "'[e]ssentially you have to create a whole other production line,'" which means pushing back delivery dates to customers.

107. The *Bloomberg* article also stated that "chicken wasn't an isolated issue for the company — commercialization is an ongoing challenge for Beyond, according to five former employees."

108. The *Bloomberg* article also reported that "some of those who have worked closely with [Brown] also say that he isn't an effective manager of the day-to-day operations of a public company" and that "Brown discusses products with customers before scaling has been figured out, according to four people with knowledge of the matter."

109. As a direct result of this partial corrective disclosure, the price of Beyond Meat's stock declined 3.6%, from a closing price of $83.48 per share on November 16, 2021, to a closing price of $80.47 per share on November 17, 2021. However, Defendants' denials of any ongoing problems quoted in the *Bloomberg* article served to limit Beyond Meat's stock price decline on November 17, 2021, and as a result Beyond Meat's stock price remained artificially inflated.

110. Specifically, a Beyond Meat spokesperson was quoted in the *Bloomberg* article, stating, "'[w]e elected not to use an additional co-packer who had availability because they did not meet our high safety standards for production . . . . ***This is not a question of internal problems with formulations or resulting production problems; rather, it is about ensuring we only deliver the best product expected by our customers.***'" The article also stated that the Company "disputed the characterization of the company's problems scaling products, saying that since March 2020, it has 'commercialized and introduced more than a dozen retail and foodservice products in the U.S. and abroad.'" In the article, the Company also blamed the product delays on "'Covid-related'" issues.

December 9, 2021 *Bloomberg* Article and Defendants' Denial

111. On December 9, 2021, after the market closed, multiple media sources reported that Taco Bell had cancelled a planned test of Beyond Carne Asada due to ongoing quality concerns. According to those reports, this cancellation was further

evidence of ongoing problems Beyond Meat faced in bringing its products to market at scale.

112. For example, *Bloomberg* reported on December 10, 2021, that "Taco Bell canceled a planned test of a product from Beyond Meat Inc. after the fast-food chain was dissatisfied with samples in October, according to people with direct knowledge of the matter." *Bloomberg* added that "[t]wo Beyond Meat employees from the team that made the product, which was designed to mimic . . . carne asada, were terminated."

113. As a direct result of this partial corrective disclosure, the price of Beyond Meat's stock declined nearly 8%, from a closing price of $70.09 per share on December 9, 2021, to a closing price of $64.51 per share on December 10, 2021.

114. However, Beyond Meat quickly responded to this article to assure investors about the strength of the Company's partnership with Taco Bell, which served to limit Beyond Meat's stock price decline on December 10, 2021, and as a result Beyond Meat's stock price remained artificially inflated.

115. Specifically, according to a December 10, 2021 article published by *The Street*:

> "Evaluating multiple iterations when scaling a product is standard practice in our industry. ***The bottom line is that our partnership with Taco Bell is strong and continuing***, and we look forward to further announcements with them," a Beyond spokesperson said, in a statement Beyond Meat's head of communications said was a joint statement from both companies.

116. *Barron's* received a similar message, and published an article on December 10, 2021, reporting a joint statement from Beyond and Taco Bell that "[w]e can't provide additional details at this time but are very excited about what Taco Bell and Beyond Meat have planned."

117. Beyond Meat's statements in response to the *Bloomberg* article succeeded in assuring investors and the public about the Company's relationship with Taco Bell and served to buffer the impact of Beyond Meat's disappointing results and maintained the artificial inflation in Beyond Meat's stock price. For instance, *vegconomist* reported on December 16, 2021 that "it appears the speculation can soundly end, and the world can once again anticipate Beyond Meat's next groundbreaking launch."

February 3, 2022 *Bloomberg* Article

118. On February 3, 2022, *Bloomberg* published an article reporting that three Del Taco stores had dropped Beyond Meat's version of ground beef. The article also reported that some of the Company's other foodservice customers were also dissatisfied with Beyond Meat's product and were either limiting or had already discontinued Beyond Meat menu items.

119. As a direct result of this partial corrective disclosure, the price of Beyond Meat's stock declined 9.4%, from a closing price of $64.00 per share on February 2, 2022, to a closing price of $58.01 per share on February 3, 2022.

February 24, 2022 Partial Disclosure and False and/or Misleading Statements and Omissions

120. On February 24, 2022, after the market closed, Beyond Meat announced its Q4 2021 financial results and held a conference call with investors. Defendants explained that the Company's FY 2021 gross margin had decreased 500 basis points year over year and admitted it was due to "shift[ing] a significant amount of volume to external co-manufacturers . . . away from our internal facility in Pennsylvania . . . in order to free up line time for commercialization". Brown added that for new launches such as the Beyond Chicken Tenders, the Company "used higher-cost co-manufacturing partners, experienced lower throughput levels and other supply chain inefficiencies." Brown also disclosed that higher transportation costs in the quarter were due to increased use of external co-manufactures as the Company moved

inventory across co-manufacture production facilities as part of the manufacturing process.

121. As a direct result of this partial corrective disclosure, Beyond Meat's stock price dropped 9.2%, from a closing price of $49.00 on February 24, 2022 to a closing price of $44.49 per share on February 25, 2022, on unusually high volume of over 11.6 million shares traded.

122. During the conference call, Defendants continued to make false and/or misleading statements and omissions about its strategic partnerships that served to buffer the impact of Beyond Meat's disappointing Q4 2021 results and maintained the artificial inflation in Beyond Meat's stock price.

123. Specifically, Brown told investors that "***We expect these higher costs to persist for at least the first half of this year with significant improvement by year-end***," but he assured the market that "***though we expect continued near-term headwinds from some of these considerations, we are confident that none are structural in nature.***"

124. During the call, Brown also touted the success of product tests at 250 McDonald's stores in the U.K. and Ireland. Brown also told investors that "KFC launched a nationwide test of Beyond Fried Chicken in over 4,000 U.S. locations on January 10. The test marked the largest plant-based chicken launch ever in the QSR industry, and we are pleased that the consumer response and feedback in the media has been filled with positive excitement. Being selected to create a plant-based version of one of the most iconic menu items of one of the world's most popular brands is a testament to the strength of our innovation and the recognition of these capabilities by industry giants."

125. On the call, Brown also highlighted that "McDonald's expanded its U.S. test of the McPlant Burger to approximately 600 participating locations in the San Francisco Bay and Dallas-Fort Worth areas beginning on February 14. Also on Valentine's Day, A&W launched a limited-time offering, the Jalapeno Lime Beyond

Meat Burger at all of its locations nationwide in Canada. This product represents A&W's first fully plant-based burger build and furthers our strong partnership with one of our earliest QSR partners."

126. Likewise, during the question-and-answer portion of the conference call, Brown answered an analyst's question regarding KFC and McDonald's and "whether these items are going to be on the permanent menu", stating: "***we are obviously working toward more permanent menu placement with all of our QSR partners***."

127. Later in the call, Brown answered a question about advancing strategic partner trials to actual launches by assuring investors "we've done well with continuing to maintain the relationships with our QSRs, continue to go from test to trials and then from trials to LTOs and then from there to full launches."

> Yes. I mean the process is for us to make great products to have the right consumer fit there and to be the best partner we can be and the rest is really up to our partners. And a lot of them have worked, not everyone has. And that has to do with different QSRs or different segments of the economy, and the value proposition is clear to some than others, depending on where you are.
>
> [I]f you look at our track record, ***we've done well with continuing to maintain the relationships with our QSRs, continue to go from test to trials and then from trials to LTOs and then from there to full launches***. And so – but there's nothing in particular we can do other than just perform well in each stage.

128. Defendants' statements alleged in ¶¶110, 114-116, 122 were materially false and/or misleading at the time they were made, and/or omitted material information required to be disclosed, because they failed to disclose the following adverse information that was known to Defendants or recklessly disregarded by them. In addition to the facts alleged in ¶¶18-24, 30-35, 49, 59, 103, above:

(a) Defendants knew the Company could not successfully scale production for its large QSR partners. As described above in paragraphs ¶¶49(a)-(d), Beyond Meat was unable to cost-efficiently scale up the original recipes for the specifications promised to its partners. Beyond Meat's partners were not only dissatisfied with the quality and sensory aspects of the products, but also with the high cost-per-pound because of the Company's inability to scale production cost-effectively.

(b) Beyond Meat was also continuing to struggle with the production and manufacturing inefficiencies and problems set forth above in ¶¶49(e), 59(b)-(d), 103(b).

May 11, 2022 Partial Disclosure and False and/or Misleading Statements and Omissions

129. On May 11, 2022, after the market closed, Beyond Meat announced its Q2 2022 financial results and held a conference call with investors. During the conference call, Hardin reported gross margin of 0.2% for the quarter, a 30% decrease from the prior year same quarter, 30.2%. Hardin explained that the dramatic decrease in gross margin was due to the "expensive and inefficient" manufacturing process the Company took to launch Beyond Meat Jerky in partnership with PepsiCo. During the conference, Hardin further explained that the launch of Beyond Meat Jerky was "unprecedented" for the Company because of its scale and that the launch was done in an "expensive and inefficient manner" because the Company had not yet established manufacturing processes for scaling.

130. During the call, Hardin also reported that costs of goods sold increased $1.15 per pound during the quarter and that Jerky accounted for more than half of the costs, with the remainder being driven by increased manufacturing costs, including higher transportation and warehousing costs.

131. During the call, Hardin also reported that the Company's cash balance declined almost $190 million in the quarter, leaving the Company with about half of the $1 billion in capital raised just a year prior.

132. As a direct result of this partial corrective disclosure, Beyond Meat's stock price dropped 4.2%, from a closing price of $26.17 on May 11, 2022 to a closing price of $25.08 on May 12, 2022, on a massive trading volume of over 22.4 million shares. However, Defendants continued to make false and/or misleading statements and omissions that served to mitigate the impact of Beyond Meat's Q2 2022 financial results and maintained the artificial inflation in Beyond Meat's stock price.

133. Specifically, during the call, Hardin and Brown assured investors that the Company's increasing expenses were temporary. Hardin stated,

> ***As we mentioned on the last call, as we look toward the remainder of the year, we expect this will get better. We have multiple initiatives underway with one of the largest improvements already secured, as we recently signed a contract to consolidate operations with a third-party manufacturer that can produce Jerky with more automated equipment, lowering fees and reducing the need for multiple processing locations, thereby reducing costly shuttle transportation. We expect this capacity to come online in mid-Q3 of 2022.***

134. During the call Brown gave investors the same assurances, stating, "***we navigated significant cost challenges in the first quarter of 2022, the majority of which relate to scaling for strategic product launches and are temporary in nature.***"

135. On the conference call, Brown also encouraged investors by stating that the Company was expecting an "***uptick in net revenues***" in Q2 2022 from "***new product launches and expected QSR launches and trial both in the U.S. and abroad.***"

136. Defendants' statements alleged in ¶¶133-135 were materially false and/or misleading at the time they were made, and/or omitted material information required to be disclosed, because, they failed to disclose the following adverse information that was known to Defendants or recklessly disregarded by them. In addition to the facts alleged in ¶¶18-24, 30-35, 49, 59, 103 above:

(a) Defendants knew the Company could not successfully scale production for its large QSR partners. As described above in paragraphs ¶¶49(a)-(d), Beyond Meat was unable to cost-efficiently scale up the original recipes for the specifications promised to its partners. Beyond Meat's partners were not only dissatisfied with the quality and sensory aspects of the products, but also with the high cost-per-pound because of the Company's inability to scale production cost-effectively.

(b) Beyond Meat was also continuing to struggle with the production and manufacturing inefficiencies and problems set forth above in ¶¶49(e), 59(b)-(d), 103(b).

July 27, 2022 J.P. Morgan Report

137. On July 27, 2022, after the market closed, an analyst from J.P. Morgan issued a report titled "McPlant Seems McDone in the US for Now." The report stated "[w]e believe that McDonalds [] had broadly discontinued its US test of the McPlant burger made with Beyond Meat." The analyst noted that J.P. Morgan spoke with McDonald's employees at 25 locations that previously carried the product and "each said that the item is no longer on the menu." The report stated that "clearly this news isn't good for the narrative. . . . it's hard to see [Beyond Meat's] stock multiple expanding when one of the more visible customers has backed away."

138. As a direct result of this partial corrective disclosure, Beyond Meat's stock price dropped over 3%, from a closing price of $32.44 on July 27, 2022 to a closing price of $31.43 on July 28, 2022.

Termination of Beyond Meat's Chief Operating Officer and Supply Chain Officer

139. On September 20, 2022, Beyond Meat filed a Form 8-K with the SEC that announced that the Company had fired COO Doug Ramsey and that Bernie Adcock would be stepping down as Chief Supply Chain Officer.

140. Analysts reacted negatively to this news. For instance, Piper Sandler reported on September 20, 2022 that "[w]e now [] do not expect any US national [McDonald's] launch, and believe that negative PR around a senior member of management with key [McDonald's] relationships likely hurts whatever slim chances may have remained." BTIG was even more negative, reporting on October 11, 2022 that "Investor Sentiment at All-Time Low", and the analysts "believe[d] the departure of [Ramsey and Adcock] could hamper the company's cost down and efficiency initiatives". Piper Sandler issued another report on October 12, 2022, stating that "[w]e believe these two were likely needed to drive cost savings and improve margins, and that gross margin recovery is now more difficult."

October 14, 2022 Corrective Disclosure

141. On October 14, 2022, before the market opened, Beyond Meat filed a Form 8-K with the SEC that announced "a plan to reduce the Company's current workforce by approximately 200 employees, representing approximately 19% of the Company's total global workforce" and that the "decision was based on cost-reduction initiatives intended to reduce operating expenses, sharpen the Company's focus on a set of key growth priorities, and target cash flow positive operations within the second half of 2023."

142. Beyond Meat executives were not immune to the workforce reduction. The Form 8-K also announced that "[a]s part of the reduction in force . . . Deanna Jurgens, the Company's Global Chief Growth Officer and President, North America, will leave the business" and that her role was eliminated.

143. The Form 8-K also announced that Hardin had "notified the Company that he is stepping down as the Company's Chief Financial Officer and Treasurer effective October 12, 2022 to pursue another opportunity."

144. The press release attached to the Form 8-K stated that the Company was "making a strategic shift in pursuit of a more sustainable growth model that emphasizes the achievement of cash flow positive operations." The press release also quoted Brown as stating that "'Beyond Meat is implementing measures to drive more sustainable growth, emphasizing the achievement of cash flow positive operations within the second half of 2023'" and that "'we are significantly reducing expenses and sharpening our focus on a set of key growth priorities.'"

145. The press release also announced that Beyond Meat was reducing its full year revenue outlook for 2022. Specifically, the press release stated:

> Based upon preliminary results, the Company now expects third quarter 2022 net revenues of approximately $82 million, a decrease of approximately 23% versus the prior-year period. Full year 2022 net revenues are expected to be in the range of approximately $400 million to $425 million, representing a decrease of approximately 14% to 9% compared to the full year 2021. This compares to the Company's previous expectation of full year 2022 net revenues in the range of $470 million to $520 million.

146. In the press release, Beyond Meat stated that it the Company "believe[d] it ha[d] been negatively impacted by ongoing softness in the plant-based meat category overall . . . and by the impact of increased competition." Beyond Meat also stated that "it was negatively impacted by decisions made by distributors and customers, such as changes in inventory levels and postponed or canceled promotions" and that "[d]elayed and/or canceled product promotions, programs and introductions relative to the Company's plans also negatively impacted management's revenue outlook."

147. As a direct result of this corrective disclosure, the price of Beyond Meat's stock declined 9.7%, from a closing price of $14.78 per share on October 13, 2022, to a closing price of $13.35 per share on October 14, 2022.

148. Analysts who followed the Company reacted strongly and negatively to this information. For instance, Barclays reported on October 14, 2022 that while "[a]ccording to management, these actions will help the company become cash flow-positive by 2H23: [] we are more cautious and expect positive cash flow by 2H24." BTIG reported on October 14, 2022 that "Beyond Meat's announcement this morning of workforce reductions, executive departures, and slashing of forward guidance puts all the bad news out on the table." Piper Sandler also reported on October 14, 2022 that Beyond Meat "[was] now targeting to achieve positive cash flow from operations by 2H23. While this is possible, it depends on many variables in a volatile environment, and timing beyond our visibility horizon. We do not assume it will happen."

ADDITIONAL FACTS SUPPORTING A STRONG INFERENCE OF SCIENTER

149. By virtue of the facts set forth below in ¶¶150-182 and the other facts set forth at ¶¶18-24, 30-35, 49, 59, 103, it may be strongly inferred that Defendants knew or recklessly disregarded that their Class Period statements were materially false and/or misleading to investors.

Beyond Meat's Executive Management Were Hands-On at The Company's Factories and Plants

150. Evidence of Brown's knowledge about production and scaling issues at Beyond Meat's facilities can also be inferred based on the fact that he visited the facilities himself. For example, Brown visited Beyond Meat's manufacturing facility in Malvern, Pennsylvania to discuss the manufacturing of the Company's retail sausage line to be sold in grocery stores. The Beyond Meat CEO instructed employees at the Malvern facility to add more water to the sausage product – made up of in part by pea protein and flour – even though Brown was told that the product

would not look the way the Company wanted it to because more water would change the texture and create an overall drooping appearance. Brown, along with other Beyond Meat executives, also routinely visited the Company's Missouri plant, at least quarterly, where Brown would provide tours to potential customers and potential co-manufacturers.

151. Beyond Meat executives also directly engaged in the production process when problems arose. For instance, when McDonald's discovered foreign material—later confirmed to be wood fragments from a pallet—in the McPlant during the trial phase, the Company's executive management team met several times after the incident and cautioned employees at the plant to be particularly careful with McDonald's materials because McDonald's was very thorough in their requirements. Indeed, Brown personally communicated with boots on the ground multiple times a day about the incident. Beyond Meat executives were also very concerned with allergenic contamination in Beyond Meat's chicken products, further demonstrating their knowledge of the product development process.

Defendants' Public Statements Support a Strong Inference of Scienter

152. The Individual Defendants each had detailed knowledge of Beyond Meat's strategic partnerships and their performance and repeatedly spoke about these partnerships during interviews, conference calls with investors, and in smaller meetings with investors during the Class Period, which supports a strong inference of scienter.

153. For example, during almost every conference call Beyond Meat hosted or attended during the Class Period, Individual Defendants spoke to investors about the progress of the Company's strategic partnerships and commercialization efforts to support Beyond Meat's strategic partners. For example, as CEO and Company founder, Brown spoke frequently about the Company's partnership with McDonald's, for example, telling investors that "I can assure you, there's no issue with

McDonald's" (¶40); "there's been no change in information since we began this test and got good results in the beginning and got good results at the end." (¶40);

154. Similarly, as CFO, Nelson was directly involved in the Company's investments into reducing production costs. During his tenure as CFO, he routinely spoke to investors about the progress of the cost reduction efforts, including when he boasted to investors about Beyond Meat's "investments in additional production capacity." ¶66.

155. Nelson also regularly communicated with analysts following Beyond Meat outside of the Company's official earnings calls. For instance, J.P. Morgan reported on May 6, 2020 that its analyst "caught up with CEO Ethan Brown and CFO Mark Nelson after tonight's earnings call", and reported minutia about Beyond Meat's operations, noting "the margins on products that go to retail are similar to those into foodservice". Likewise, Berenberg reported on June 18, 2020 that it "hosted a virtual roadshow for Beyond Meat" which Brown and Nelson attended. Berenberg apparently discussed Beyond Meat's cost reduction efforts with Brown and Nelson, as the firm reported that "a potential increased proportion of internal manufacturing capacity versus external co manufacturers (similar to the recently announced facility in the Netherlands) is another long-term cost-reduction lever that could potentially support margins above management's targets as the business gains scale." Oppenheimer had a similar interaction with Brown, Nelson, and Kutua, reporting on December 14, 2020 that "Management continues to see many opportunities to both reduce selling prices and improve the cost structure" and that "improvements have come largely on the fixed cost front."

156. Hardin, as Beyond Meat's CFO, directly oversaw Beyond Meat's cost reduction efforts. Hardin also repeatedly spoke about cost reduction efforts on conference calls with investors during the Class Period, which supports a strong inference of scienter. For example, during Beyond Meat's November 10, 2021 earnings conference call, Brown told investors that "Phil [Hardin], [was] leading

[Beyond Meat's cost-reduction efforts] with an outside consulting group, and we're making really good progress." Indeed, during that same call, Hardin demonstrated detailed knowledge of Beyond Meat's cost-reduction program, touting "an improved trajectory for manufacturing costs . . . led by continued improvements in our Devault, Pennsylvania finished goods manufacturing facility."

157. Hardin also demonstrated his knowledge of Beyond Meat's cost reduction efforts by regularly communicating with analysts who followed the Company outside of Beyond Meat's regularly scheduled earnings calls. For instance, after hosting Brown, Hardin, and Kutua for two days, BTIG reported on March 11, 2022 that they "came away from the meetings encouraged that Beyond Meat has a lot of low-hanging fruit to improve gross margins and is adopting greater financial discipline around operating expenses." BTIG also reported that "management indicated that current supply chain capacity would allow them to launch nationally with McDonald's when the time is right." BTIG further reported that "[o]ne common theme throughout the meetings was the company's focus on bringing down costs and becoming more efficient throughout its supply chain."

Defendants' Post-Class Period Admissions Support a Strong Inference of Scienter

158. Shortly after the Class Period, Defendants made several admissions confirming that they either knew or should have known that Beyond Meat was unable to scale any partnerships with strategic partners.

159. For instance, on November 9, 2022, Beyond Meat announced its Q3 2022 financial earnings and held a conference call to discuss earnings. During the call, Brown told investors that Beyond Meat was now limiting new product development for its strategic partners in order to reduce expenses, stating: "we are significantly reducing expenses while focusing on a more narrow set of strategic partner[s], retail and foodservice opportunities" and admitted that the growth-above-all operating model was a failure. During the call, Brown conceded that that the Company needed

to "change our mindset from one where it was growth above everything else to now pushing very quickly the business into a cash flow positive and a profitable position" and that the Company was pivoting from "the growth above all operating model" to stabilize the business.

160. Similarly, on November 21, 2022, the *Wall Street Journal* published an article faulting Brown for many of Beyond Meat's shortcomings during the Class Period. For instance, the article cited "current and former employees" that "Mr. Brown also has struggled to stick to priorities and manage Beyond's growth—switching gears frequently in ways that has left teams confused and frustrated." The article added that:

> Mr. Brown's drive to roll out new products on rushed timelines led to missed deadlines, disappointed customers and wasted packaging and ingredients, according to internal company documents and emails and current and former employees. A new offering backfired when veggie sausages slumped in their packaging on store shelves.

161. The article also reported that Beyond Meat executives referred to customers like fast-food chains as "'whales'".

162. The article also quoted Beyond Meat's former vice president of research and development as stating: "'Pushing back on Ethan was very hard,' . . . 'He didn't want to hear things that were contrary.'" The article also reported that "Mr. Brown wanted to make progress as fast as possible and worry about details later, a common characteristic of startup founders."

163. The article also discussed "a gulf [which] emerged between the team responsible for developing new products and the group that figures out how to produce them at large volumes, according to current and former employees." The article added that "Innovations made in small quantities by hand in Beyond's research laboratories often would spur Mr. Brown and other top executives to make commitments to customers before the company knew how to produce the food at large

scale in factories, the employees said." The article also affirmed earlier reports that "Beyond . . . purchased millions of dollars worth of equipment it didn't need."

164. The article also cited "current and former employees" to report that "[a] rush to market hurt the company's first chicken-tender-like product to hit store shelves" in 2021. Similarly, "Mr. Brown's drive to get products to market and strike deals with restaurant chains regularly trumped a focus on short-term profitability, according to current and former employees."

165. The article concluded by reporting Brown's message from Beyond Meat's November 9, 2022 earnings call: "It is a pivot, Mr. Brown said, from the 'growth-above-all' model."

166. Brown again admitted that Beyond Meat had been pursuing a "growth above all" model in Beyond Meat's February 23, 2023 conference call discussing the Company's Q4 2022 earnings. During that call, Brown also admitted that during 2022, Beyond Meat's North America external co-manufacturers peaked at eight, and that the Company had reduced that number to three as of the conference call. Brown also stated that Beyond had drastically cut the number of co-manufacturers to decrease expenses.

167. During that same conference call, Brown stated that the Company had just recently invested in an inventory management system to improve inventory visibility and management across the Company's global network of manufacturing sites and warehouses.

Top Level Executive Departures Support a Strong Inference of Scienter

168. The departures of almost all of Beyond Meat's C-Suite during the Class Period further supports a strong inference of scienter. Over the course of nineteen months, seven top-level executives – Nelson, Muth, Shah, Ramsey, Adcock, Jurgens, and Hardin – left the Company as they became aware that Beyond Meat was unable to deliver on its promises of new product launches with its strategic partners and foodservice customers.

169. Beyond Meat announced on March 1, 2021 that Nelson, who had been with the Company since 2015 and spoke repeatedly, and positively, about Beyond Meat's finances during the Class Period, would retire effective May 5, 2021. Less than a week later, Beyond Meat announced that it issued $1 billion in convertible senior notes, raising $1.04 billion in net proceeds for the Company, to raise additional capital for its ongoing large QSR partnerships.

170. Less than three months later, on May 26, 2021, Beyond Meat announced that Chief Growth Officer Charles Muth would retire effective June 4, 2021. On September 2, 2021, Beyond Meat announced that COO Sanhay Shah would step down effective August 27, 2021.

171. In a less than a month's time, between September 20 and October 14 2022, Beyond Meat announced the departures of four more C-Suite executives. On September 20, 2022, Beyond Meat announced that it had fired COO Doug Ramsey, the former president of the global McDonald's business for Tyson Foods, Inc., who was hired to help the Company scale production and commercialize new foodservice products. On September 20, 2022, Beyond Meat also announced that Chief Supply Chain Officer Bernie Adcock, Tyson Food Inc.'s former Chief Supply Chain Officer, who was also hired to provide his leadership and expertise with scaling and commercializing Beyond Meat's new foodservice products, would step down. On October 14, 2022, simultaneous with Beyond Meat's announcement that it was reducing its Q3 2022 guidance and that the Company was reducing its global workforce by 19%, Beyond Meat announced that Global Chief Growth Officer Deanna Jurgens and CFO Hardin were departing.

172. These four departures came shortly after J.P. Morgan issued its report that McDonald's had discontinued its U.S. test of the McPlant burger made with Beyond Meat. The proximity of these departures to the revelation that Beyond Meat would be unable to scale its relationships with its strategic partners supports a strong

inference of scienter. Hardin's departure is also suspicious because he had only served as CEO since July 2021 – a little more than a year.

173. Ramsey's, Adcock's, and Jurgens' departures are also suspicious because of their time in the role. Ramsey and Adcock were hired in December 2021, less than a year before Beyond Meat announced their departures, and Jurgens had been in her role for just over a year, beginning on June 4, 2021. Brown's initial excitement over hiring Ramsey, Adcock, and Jurgens also adds to the suspicion over their departures. On June 4, 2021, Brown touted to investors that "Deanna[] [Jugrens'] highly successful customer-focused leadership at PepsiCo" when Beyond Meat announced her hiring. Likewise, when Brown announced Adcock's hiring on December 8, 2021, he told investors that "Doug [Ramsey] and Bernie [Adcock] bring a proven track record of impressive operational excellence in the protein industry that our global partners, customers, and consumers expect and deserve," and that Adcock's hiring was part of "investing today in tomorrow's growth". Beyond Meat also removed Adcock and Jurgens' positions after their departures, adding further suspicion to their departures.

Defendants Knew of Facts Critical to Beyond Meat's Core Operations

174. The Individual Defendants were the CEO and CFOs of Beyond Meat. They were responsible for, and remained well informed of, issues critical to the Company's success. The Individual Defendants identified Beyond Meat's ability to scale products with strategic partners, like McDonald's, as one such critical issue. For instance, Brown spoke with investors about Beyond Meat's strategic partnership with McDonald's so often that he joked during Beyond Meat's May 6, 2021 Q1 2021 earnings conference call that he "was very worried that we'd have one analyst call where McDonald's wasn't mentioned." Likewise, Nelson and Hardin provided updates to investors on Beyond Meat's cost reduction efforts every chance they had, both during earnings conference calls and during several more personal meetings with analysts following Beyond Meat.

175. Given their repeated focus on the importance of scaling Beyond Meat's product launches with the Company's strategic partners, the Individual Defendants, Beyond Meat's most senior executives, can be presumed to have knowledge of adverse facts impacting these scaling and price reduction efforts. The Company's inability to deliver products to their strategic partners at manageable price points doomed Defendants' goal of, for instance, a nationwide launch of the McPlant. The Individual Defendants' repeated and specific statements to the investing public regarding their focus on such strategic partnerships demonstrates their knowledge of these adverse facts. Indeed, given the focus the Individuals Defendants placed on the status of their strategic partnerships and cost reduction efforts, it would be absurd to suggest the Individual Defendants were not aware that Beyond Meat was increasingly unable to deliver for its strategic partners throughout the Class Period.

Corporate Scienter

176. The allegations above also establish a strong inference that Beyond Meat as an entity acted with corporate scienter throughout the Class Period, as Defendants, the Company's officers, management, and agents, had actual knowledge of the misrepresentations and omissions of material facts set forth herein (for which they had a duty to disclose), or acted with reckless disregard for the truth because they failed to ascertain and to disclose such facts, even though such facts were available to them. Such material misrepresentations and/or omissions were done knowingly or recklessly, and without a reasonable basis, for the purpose and effect of concealing the fraudulent scheme from the investing public. By concealing these material facts from investors, Beyond Meat maintained and/or increased its artificially inflated common stock prices throughout the Class Period.

Insider Trading

177. While in possession of material, non-public information concerning Beyond Meat's inability to manufacture products at scale to meet the specifications of its strategic partners, Nelson, along with others of Beyond Meat's top C-level

executives, sold significant amounts of Beyond Meat shares at artificially inflated prices. In total, these executives dumped over 1 million shares of stock during the Class Period for proceeds of over ***$136 million***. The sales are summarized in the following chart:

Beyond Meat (BYND) 5/5/20-10/13/22 Insider Sales Summary

Filer Name	Title	Shares Sold	Proceeds	% of Total Holdings
Mark Nelson	**CFO**	**466,303**	**$60,839,838**	**98.5%**
Charles Muth	**Chief Growth Officer**	**444,899**	**$60,685,808**	**99.3%**
Dariush Ajami	**Chief Innovation Officer**	**37,000**	**$5,883,239**	**25.7%**
Beth Moskowitz	**Chief Brand Officer**	**28,573**	**$1,477,140**	**34.9%**
Sanjay Shah	**COO**	**33,069**	**$4,444,999**	**43.7%**
Teri Witteman	**Chief Legal Officer and Secretary**	**23,665**	**$2,721,038**	**39.4%**
GRAND TOTAL		**955,895**	**$125,862,698**	

178. Nelson and Muth's sales are also suspicious because each of them cashed out nearly their entire holdings of Beyond Meat stock, suggesting that they made these sales while they knew Beyond Meat's stock price was artificially inflated by Defendants' fraud, and before the fraud was revealed.

179. Further, the insider sales for Nelson, Ajami, Moskowitz, Shah, Muth, and Witteman were unusual compared to their prior trading history. The following chart shows these same individuals' insider sales from the time of Beyond Meat's IPO through the start of the Class Period:

Beyond Meat (BYND) 5/1/19-5/4/20 Insider Sales Summary

Filer Name	Title	Shares Sold	Proceeds	% of Total Holdings
Mark Nelson	**CFO**	**134,452**	**$15,990,641**	**40.7%**

Filer Name	Title	Shares Sold	Proceeds	% of Total Holdings
Charles Muth	**Chief Growth Officer**	**114,574**	**$11,717,365**	**31.3%**
GRAND TOTAL		**249,026**	**$27,708,006**	

180. During this time period prior to the Class Period, these same executives sold only 249,026 shares of their Beyond Meat stock, for proceeds of only $27.8 million. Notably, Nelson sold only 134,452 shares for $15,990,641 in proceeds in the time period prior to the Class Period – compared to his Class Period sales of 466,303 shares (which equated to 98.5% of his total holdings) for proceeds of more than $60 million. Moreover, there were no reported sales for four executives (Ajami, Moskowitz, Shah, and Witteman) during this time period. The significantly smaller number of pre-Class Period sales by such a broad swath of Company insiders highlights the suspicious nature of their Class Period insider sales.

181. The executives' sales were also suspicious in timing. The sales were predominantly made at times when the stock was trading at over $100 per share – well above the Company's Class Period average of $100.16 – as Defendants were materially inflating the Company's stock price by hiding from investors that Beyond Meat was unable to meet specifications for its strategic partners' products and scale them nationally.

182. The suspiciousness of the executives' stock sales raise a strong inference that these insiders were aware that the Company was over-promising and under-delivering on its strategic partnerships when they sold their shares and used that information in connection with the sales to avoid the significant losses in share value that would follow from the revelation that Beyond Meat's strategic partnerships were not coming to fruition.

LOSS CAUSATION

183. The market for Beyond Meat's common stock was open, well-developed, and efficient at all relevant times. Throughout the Class Period, Beyond Meat's common stock traded at artificially inflated prices as a direct result of Defendants' materially misleading statements and omissions of material fact, which were widely disseminated to the securities market, investment analysts, and the investing public. Plaintiffs and other members of the Class purchased or otherwise acquired Beyond Meat common stock relying upon the integrity of the market price for Beyond Meat's common stock and market information relating to Beyond Meat, and have been damaged thereby.

184. When the relevant truth became known and/or the materialization of the risk that had been concealed by Defendants occurred, the price of Beyond Meat's common stock declined immediately and precipitously as the artificial inflation was removed from the market price of the stock, causing substantial damage to Plaintiffs and the Class.

185. As detailed herein, during the Class Period Defendants: (a) misled investors about the Company's ability to manufacture its plant-based products for its strategic partners and foodservice customers at scale, and to their specifications; (b) concealed delays in product launches that were causing Beyond Meat to lose sales; (c) concealed that the Company's expenses, production costs, and inventory levels were increasing because Beyond Meat did not have a cost-efficient manufacturing processes, Defendants were overbuilding manufacturing capacity, and overspending on unusable equipment; and (d) Defendants lacked inventory visibility and were unable to accurately forecast demand or manage the Company's inventory across Beyond Meat's global network of manufacturing sites and warehouses due to lack of inventory management systems.

186. As this information and its impact on Beyond Meat's financial results entered the market through a series of partial disclosures, the price of Beyond Meat's

stock significantly dropped, as the artificial inflation came out of the stock price over time. As a result of their purchases of Beyond Meat stock during the Class Period, Plaintiffs and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

November 10, 2020

187. As set forth above in ¶¶50-53, on November 9, 2020, after the market closed, Beyond Meat reported Q3 2020 results that were lower than expected. Defendants reported: (1) a 41% decrease in foodservice net revenues compared to the prior year quarter due in part to "delays in launches or expansions with strategic partners," blaming COVID-19; (2) a 670 basis point decrease in adjusted gross margin from the prior year quarter, in part due to higher inventory levels and production costs for QSR partners; (3) a $14.8 million increase in operating expenses due to increased investments made "to support our long term growth initiatives" (commercialization and scaling for QSR customers); (4) a $1.1 million inventory reserve and write-off associated with "unsalable" foodservice products, again blaming COVID-19; and (5) an adjusted net loss during the quarter of $17.5 million (excluding COVID-19 related expenses), compared to net income of $4.1 million the Q3 2019.

188. During market trading hours on November 9, 2020, McDonald's publicly announced its new plant-based meat product called the McPlant, stating that the "McPlant is crafted exclusively for McDonald's by McDonald's," making no reference that Beyond Meat would be the supplier of the McPlant patty. After McDonald's announcement on the same day, *Reuters* issued a press release confirming the McPlant news and including a quote from a Beyond Meat spokesperson stating the "Beyond Meat and McDonald's co-created the plant-based patty which will be available as part of their McPlant platform."

189. Analysts following Beyond Meat responded cautiously to McDonald's announcement and Beyond Meat's response. For example, on November 10, 2020, an analyst at BTIG issued a report stating that "we find it extremely strange that neither

[McDonald's or Beyond Meat] is willing to confirm a relationship or intent to work together." An analyst from Credit Suisse also issued a report on November 10, 2020, stating "we see several reasons to remain cautious including . . . uncertainty regarding Beyond's level of participation in McDonald's new McPlant burger."

190. As a direct result of these partial corrective disclosures, Beyond Meat's stock price declined from a closing price of $150.50 per share on November 9, 2020 to a closing price of $125.01 per share on November 10, 2020, almost 17%, on massive trading volume of 29.7 million shares. The NASDAQ Composite Total Return Index increased 0.7% and the S&P Food & Beverage Select Industry Total Return Index (identified as one of Beyond Meat's market/industry indices in the Company's Form 10-K) increased 1.9%. The new Company-specific material information released on November 9, 2020 concerning Beyond Meat's decreased foodservice revenues due to launch delays, decreased gross margin, increased expenses, foodservice inventory write-offs and McDonald's announcement of the McPlant platform and Beyond Meat's response, was directly related to the false and/or misleading statements and omissions previously made by Defendants.

191. As set forth above in ¶¶54-59, Defendants continued to make false and/or misleading statements during the November 9, 2020 conference call, that served to limit the impact of Beyond Meat's Q3 2020 financial results and maintained the artificial inflation in Beyond Meat's stock price.

May 7, 2021

192. As set forth above in ¶¶72-74, on May 6, 2021, after the market closed, Defendants reported an 8% decrease year-over-year in gross margin for the quarter due to increased production costs and investments (higher transportation costs, higher warehousing costs, and higher expenses associated with investments made to build out production capacity and commercialization for Beyond Meat's strategic QSR customers), which disappointed investors. Defendants also reported that operating expenses for the quarter increased year-over-year primarily due to a significant

increase in "production trial activities," and increased headcount levels as the Company continues to expand product development and commercialization of its products for strategic partners. Defendants also reported a net loss for the quarter was $27.3 million compared to net income of $1.8 million in the first quarter of 2020.

193. Defendants told investors that the Company would continue its aggressive investment strategy to support commercialization for Beyond Meat's strategic QSR customers over the upcoming quarters and warned that gross margin would continue to be negatively impacted.

194. As a direct result of this partial corrective disclosure, Beyond Meat's stock price declined 7%, from a closing price of $119.04 per share on May 6, 2021 to a closing price of $110.73 per share on May 7, 2021, on unusually high volume of over 9.3 million shares traded. The NASDAQ Composite Total Return Index increased by 1.1% and the S&P Food & Beverage Select Industry Total Return Index remained flat. The new Company-specific material information released on May 6, 2021, after the market closed, concerning a gross margin decrease, increased expenses and a warning that margins could continue to be impacted due to spending in support of Beyond Meat's QSR partnerships, was directly related to the false and/or misleading statements and omissions previously made by Defendants.

195. Analysts covering Beyond Meat reacted negatively to the Company's announcement of decreased gross margins and increased costs. For instance, Canaccord Genuity issued a report on May 7, 2021 lowering estimates and its price target from $155 to $125, stating that it remains cautious "as the company tries to navigate through higher transportation costs and warehousing costs, which was the primary driver for reduced gross margins in Q1 2021."

196. As set forth above in ¶¶75-78, Defendants continued to make false and/or misleading statements and omissions in the May 6, 2021 conference call that served to limit the impact of Beyond Meat's Q1 2021 financial results and maintained the artificial inflation in Beyond Meat's stock price.

October 22, 2021

197. As set forth above in ¶¶86-87, on October 22, 2021, Beyond Meat issued a pre-earnings announcement press release telling investors that the Company was reducing its Q3 2021 net revenue outlook from between $120 million to $140 million to just $106 million, a decline of 12% to 25%. As part of the announcement, Beyond Meat also revealed the Company's expenses were continuing to rise and the Company experienced operational and inventory challenges during the quarter.

198. As a direct result of this partial corrective disclosure, Beyond Meat's stock dropped 11.8%, from a closing price of $108.62 per share on October 21, 2021 to a closing price of $95.80 per share on October 22, 2021, on an unusually high volume of over 14 million shares traded. The NASDAQ Composite Total Return Index decreased by only 0.5% and the S&P Food & Beverage Select Industry Total Return Index increased 0.4%. The new Company-specific material information released on October 22, 2021 concerning increasing expenses and operational and inventory challenges were directly related to the false and/or misleading statements and omissions previously made by Defendants.

199. Analysts reacted negatively the October 22, 2021 disclosure. For example, on October 26, 2021 a Credit Suisse analyst issued a report lowering Beyond Meat's target price from $123.00 per share to $96.00 per share, stating that "Beyond's operational challenges this year may hurt the company's credibility with large QSR chains like [McDonald's] to meet volume commitments."

November 11, 2021

200. As set forth above in ¶¶88-92, on November 10, 2021, after the market closed, Defendants reported net revenues in-line with the Company's October 22, 2021 pre-announcement, but lower than expected gross margin for the quarter due to inventory write-offs and the Company's commercialization efforts. Specifically, Defendants reported that Q3 2021 gross margin declined due to a $1.9 million inventory write-off, higher transportation and warehousing costs, and higher expenses

associated with investments to commercialize Beyond Meat's strategic foodservice customers. Analysts were surprised by the magnitude of the Company's gross margin decline. For example, Piper Sandler noted in a report dated November 10, 2021 that Q3 2021 margins were the lowest in the Company's reported history.

201. Defendants also reported on the conference call dramatically increased operating expenses of $77 million compared to $44 million in the prior year quarter, including increased expenses to support commercialization, and increased production trial activities. Defendants also reported a net loss of $54.8 million compared to a net loss of $19.3 million in the prior year same quarter.

202. During the conference call, Brown also said that the Company experienced delays with respect to many of its strategic QSR customers, including moving from tests to fuller launches, that were disruptive to the Company's growth trajectory. While Brown blamed COVID-19 for the delays, an analyst from BTIG who covered the Company believed that the US foodservice decline was likely impacted by the discontinuation of Beyond Meat's strategic partnership with Dunkin' Donuts, stating: "domestic foodservice revenue declined 7.3% vs. the year-ago period, which we believe was likely impacted by the discontinuation of the Dunkin' (Private) partnership." Other analyst also questioned COVID-19 as the reason for sales declines. A November 11, 2021 report issued by Credit Suisse stated, "But why should we believe macro factors are the reason for Beyond's slowdown when so many early-stage growth brands . . . are performing well," including the Company's competitor Impossible Burger.

203. As a direct result of this partial corrective disclosure, Beyond Meat's stock price declined over 13%, from a closing price of $94.48 per share on November 10, 2021 to a closing price of $81.93 per share on November 11, 2021, on a massive trading volume of 20.7 million shares. The NASDAQ Composite Total Return Index increased 1.3% and the S&P Food & Beverage Select Industry Total Return Index remained flat. The new Company-specific material information released on

November 10, 2021, after the market closed, concerning decreased gross margin, increased expenses and QSR delays in moving from tests to fuller launches, was directly related to the false and/or misleading statements and omissions previously made by Defendants.

204. As set forth above in ¶¶93-103, Defendants continued to make false and/or misleading statements and omissions during the November 10, 2021 conference call, that served to limit the impact of Beyond Meat's financial results and maintained the artificial inflation in Beyond Meat's stock price.

November 17, 2021

205. As set forth above in ¶¶104-109, on November 17, 2021, *Bloomberg* published an article titled *Beyond Meat's Delayed Chicken Launch Extends Post-IPO Woes*, highlighting the delays in product roll out and execution challenges Beyond Meat was facing.

206. As a direct result of the this partial corrective disclosure, the price of Beyond Meat's stock declined 3.6%, from a closing price of $83.48 per share on November 16, 2021, to a closing price of $80.47 per share on November 17, 2021. The NASDAQ Composite Total Return Index decreased 2.3% and the S&P Food & Beverage Select Industry Total Return Index decreased 0.6%. The new Company-specific material information released on November 17, 2021, concerning the product launch delays and execution challenges Beyond Meat was experiencing, was directly related to the false and/or misleading statements and omissions previously made by Defendants.

207. As set forth above in ¶110, Defendants' public denials of any ongoing problems quoted in the *Bloomberg* article served to limit the impact of *Bloomberg* article and maintained the artificial inflation in Beyond Meat's stock price.

December 10, 2021

208. As set forth above in ¶¶111-113, on December 9, 2021, after the market closed, multiple media sources reported that Taco Bell had cancelled a planned test of

Beyond Carne Asada due to ongoing quality concerns. According to those reports, the market viewed this cancellation as further evidence of ongoing problems Beyond Meat faced in bringing its products to market at scale.

209. As a direct result of this partial corrective disclosure, the price of Beyond Meat's stock declined 8%, from a closing price of $70.09 per share on December 9, 2021, to a closing price of $64.51 per share on December 10, 2021. The NASDAQ Composite Total Return Index remained flat and the S&P Food & Beverage Select Industry Total Return Index increased 0.8%. The new Company-specific material information released on December 10, 2021, after the market closed, concerning Taco Bell's test cancellation due to quality concerns, was directly related to the false and/or misleading statements and omissions previously made by Defendants.

210. As set forth above in ¶¶114-117, Defendants' public denial of any problems in the Taco Bell partnership in response to the December 10, 2021 *Bloomberg* article served to limit the impact of *Bloomberg* article and/or maintained the artificial inflation in Beyond Meat's stock price.

February 3, 2022

211. As set forth above in ¶¶118-119, on February 3, 2022 *Bloomberg* published an article reporting that three Del Taco stores had dropped Beyond Meat's version of ground beef. The article also reported that some of the Company's other foodservice customers were also dissatisfied with Beyond Meat's product and were either limiting or had already discontinued Beyond Meat menu items.

212. As a direct result of this partial corrective disclosure, the price of Beyond Meat's stock declined 9.4%, from a closing price of $64.00 per share on February 2, 2022, to a closing price of $58.01 per share on February 3, 2022. The NASDAQ Composite Total Return Index only decreased 2.7% and the S&P Food & Beverage Select Industry Total Return Index decreased 0.8%. The new Company-specific material information released on February 3, 2022, concerning QSR customer

dissatisfaction with Beyond Meat's products, was directly related to the false and/or misleading statements and omissions previously made by Defendants.

February 25, 2022

213. As set forth above in ¶¶120-121, on February 24, 2022, after the market closed, Defendants reported disappointing financial results. Defendants reported that the Company's FY 2021 gross margin had decreased 500 basis points year over year and almost 11% (1440 basis points) for Q4 2021, due to "shift[ing] a significant amount of volume to external co-manufacturers . . . away from our internal facility in Pennsylvania . . . in order to free up line time for commercialization". Brown added that for new launches such as the Beyond Chicken Tenders, the Company "used higher-cost co-manufacturing partners, experienced lower throughput levels and other supply chain inefficiencies." Brown also disclosed that higher transportation costs in the quarter were due to increased use of external co-manufactures as the Company moved inventory across co-manufacture production facilities as part of the manufacturing process.

214. As a direct result of this partial corrective disclosure, Beyond Meat's stock price dropped 9.2%, from a closing price of $49.00 per share on February 24, 2022 to a closing price of $44.49 per share on February 25, 2022, on unusually high volume of 11.6 million shares traded. The NASDAQ Composite Total Return Index increased 1.7% and the S&P Food & Beverage Select Industry Total Return Index increased 3%. The new Company-specific material information released on February 24, 2022 after the market closed, concerning decreased gross margin and profitability due the Company's manufacturing inefficiencies and inability to scale production, was directly related to the false and/or misleading statements and omissions previously made by Defendants.

215. Analysts covering Beyond Meat were again surprised by the magnitude of the Company's gross margin decline. For example, a February 24, 2022 report issued by Barclay's stated "Lowest gross margin in 4 years leads to higher-than-

expected operating losses: At only 14.2%, weak gross margin lead to an operating loss of $77.7 [million], 1.8x higher than the loss we expected."

216. As set forth above in ¶¶122-128, Defendants continued to make false and misleading statements and/or omissions during the February 24, 2022 conference call that served to limit the impact of Beyond Meat's financial results and maintained the artificial inflation in Beyond Meat's stock price.

May 12, 2022

217. As set forth above in ¶¶129-132, on May 11, 2022, Defendants reported another quarter of disappointing gross margin decline related to Beyond Meat's inability to scale production for its strategic partners. Defendants reported gross margin of just 0.2% for Q1 2022, compared to 30.2% in the prior year same quarter. Hardin explained that this dramatic decrease was due to the "expensive and inefficient" manufacturing process the Company took to launch Beyond Meat Jerky in partnership with PepsiCo. During the conference, Hardin further explained that the launch of Beyond Meat Jerky was "unprecedented" for the Company because of its scale and that the launch was done in an "expensive and inefficient manner" because the Company had not yet established manufacturing processes for scaling.

218. During the call, Defendants also reported that costs of goods sold increased $1.15 per pound during the quarter and that Jerky accounted for more than half of the costs, with the remainder being driven by increased manufacturing costs, including higher transportation and warehousing costs.

219. During the call, Hardin also reported that the Company's cash balance declined almost $190 million in the quarter, leaving the Company with about half of the $1 billion in capital raised just a year prior.

220. As a direct result of this partial corrective disclosure, Beyond Meat's stock price dropped 4.2%, from a closing price of $26.17 per share on May 11, 2022 to a closing price of $25.08 per share on May 12, 2022, on a massive trading volume of 22.4 million shares. The NASDAQ Composite Total Return Index increased 3.4%

and the S&P Food & Beverage Select Industry Total Return Index increased 0.9%. The new Company-specific material information released on May 11, 2022, after the market closed, manufacturing inefficiencies and inability to scale production was directly related to the false and/or misleading statements and omissions previously made by Defendants.

221. Analysts were stunned by Beyond Meat's Q1 2022 gross margin and cash spend during the quarter. For example, BTIG issued a report on May 12, 2022, stating "Beyond Meat reported gross margins of just 0.2%, much worse than our 11.7% estimate." Similarly, Barclay's issued a report on May 11, 2022 stating that "we were surprised by the weakness of profitability and the ongoing cash burn during the quarter," and "[w]e expect a negative price reaction" based on this news. Likewise, Bank of America Securities issued a report on May 12, 2022 lowering estimates and price target from $45.00 to $20.00 on news of the Company's "[m]argin lows [and] cash flows."

222. As set forth in ¶¶133-136, Defendants continued to make false and/or misleading statements and omissions during the May 11, 2022 conference call, that served to limit the impact of Beyond Meat's financial results and maintained the artificial inflation in Beyond Meat's stock price.

July 28, 2022

223. As set forth above in ¶¶137-138, on July 27, 2022, after the market closed, J.P. Morgan issued a report stating "we believe that McDonalds [] had broadly discontinued its US test of the McPlant burger made with Beyond Meat." J.P. Morgan spoke with McDonald's employees at 25 locations that previously carried the product and "each said that the item is no longer on the menu." The report stated that "clearly this news isn't good for the narrative. . . . it's hard to see [Beyond Meat] stock multiple expanding when one of the more visible customers back away."

224. As a direct result of this partial corrective disclosure, Beyond Meat's stock price dropped over 3%, from a closing price of $32.44 per share on July 27,

2022 to a closing price of $31.43 per share on July 28, 2022. The NASDAQ Composite Total Return Index increased 2.0% and the S&P Food & Beverage Select Industry Total Return Index increased 1.1%. The new Company-specific material information released on July 27, 2022, after the market closed, concerning the failed US test of the McPlant burger with the Beyond Meat patty, was directly related to the false and/or misleading statements and omissions previously made by Defendants.

October 14, 2022

225. As set forth above in ¶¶141-147, on October 14, 2022, before the market opened, Beyond Meat filed its Form 8-K with the SEC that announced "a plan to reduce the Company's current workforce by approximately 200 employees, representing approximately 19% of the Company's total global workforce" and that the "decision was based on cost-reduction initiatives intended to reduce operating expenses." The SEC Form 8-K also announced the departure of defendant Hardin (CFO) and Beyond Meat's Global; Chief Growth Officer and President, North America, and that the Company was reducing its full year guidance.

226. As a direct result of this corrective disclosure, the price of Beyond Meat's stock declined 9.7%, from a closing price of $14.78 per share on October 13, 2022, to a closing price of $13.35 per share on October 14, 2022. The NASDAQ Composite Total Return Index decreased 3.1% and the S&P Food & Beverage Select Industry Total Return Index decreased 2.7%. The new Company-specific material information released on October 14, 2022, concerning the 19% global workforce reduction to cut the Company's operating expenses, and the executive departures, was directly related to the false and/or misleading statements previously made by Defendants.

227. Analysts covering Beyond Meat reacted negatively to this news. Barclays reported on October 14, 2022 that while "[a]ccording to management, these actions will help the company become cash flow-positive by 2H23:", "we are more cautious and expect positive cash flow by 2H24." BTIG reported on October 14, 2022 that "Beyond Meat's announcement this morning of workforce reductions, executive

departures, and slashing of forward guidance puts all the bad news out on the table." Piper Sandler also reported on October 14, 2022 that Beyond Meat "[was] now targeting to achieve positive cash flow from operations by 2H23. While this is possible, it depends on many variables in a volatile environment, and timing beyond our visibility horizon. We do not assume it will happen."

APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD-ON-THE-MARKET DOCTRINE

228. At all relevant times, the market for Beyond Meat common stock was an efficient market for the following reasons, among others:

(a) Beyond Meat's stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) The Company had more than 62 million shares outstanding as of May 11, 2020.[7] During the Class Period, on average, more than 4 million shares of Beyond Meat stock were traded on a daily basis, demonstrating a very active and broad market for Beyond Meat stock and permitting a very strong presumption of an efficient market;

(c) As a regulated issuer, Beyond Meat filed periodic public reports with the SEC;

(d) Beyond Meat regularly communicated with public investors via established market communication mechanisms, including regular dissemination of press releases on the national circuits of major newswire services, the Internet, and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;

(e) Beyond Meat was followed by many securities analysts who wrote reports that were distributed to the sales force and certain customers of their respective firms during the Class Period, including, for example, J.P. Morgan, Barclays, BTIG,

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[7] Beyond Meat had 63.5 million shares outstanding as of May 11, 2022.

and Piper Sandler. Each of their reports was publicly available and entered the public marketplace;

(f) There were several active market-makers in Beyond Meat stock at all times during the Class Period; and

(g) Unexpected material news about Beyond Meat was rapidly reflected in and incorporated into the Company's stock price during the Class Period.

229. As a result of the foregoing, the market for Beyond Meat common stock promptly digested current information regarding Beyond Meat from publicly available sources and reflected such information in Beyond Meat's share prices. Under these circumstances, all purchasers of Beyond Meat common stock during the Class Period suffered similar injury through their purchase of Beyond Meat common stock at artificially inflated prices, and a presumption of reliance applies.

APPLICABILITY OF THE AFFILIATED UTE PRESUMPTION OF RELIANCE

230. Plaintiffs are also entitled to the presumption of reliance under *Affiliated Ute Citizens v. U.S.*, 406 U.S. 128 (1972), because Defendants' fraudulent scheme primarily involved a failure to disclose and/or concealment of material facts concerning: (a) the Company's inability to manufacture its plant-based products for its strategic partners and foodservice customers at scale, and to their specifications; (b) delays in product launches that were causing Beyond Meat to lose sales; (c) the increase in the Company's expenses, production costs, and inventory levels because Beyond Meat did not have a cost-efficient manufacturing processes, Defendants were overbuilding manufacturing capacity, and overspending on unusable equipment; and (d) Defendants lacked inventory visibility and were unable to accurately forecast demand or manage the Company's inventory across Beyond Meat's global network of manufacturing sites and warehouses due to lack of inventory management systems, which information Plaintiffs and the members of the Class would have wanted to have

known and which would have caused investors to not have purchased shares of Beyond Meat at the prices they traded at during the Class Period.

CLASS ACTION ALLEGATIONS

231. Plaintiffs brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons who purchased Beyond Meat common stock during the Class Period and were harmed thereby (the "Class"). Excluded from the Class are defendants and their immediate families, the officers and directors of the Company, at all relevant times, members of their immediate families, and their legal representatives, heirs, successors or assigns, and any entity in which Defendants have or had a controlling interest.

232. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Beyond Meat shares were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery, Plaintiffs believe that there are thousands of members in the proposed Class, if not more. Record owners and other members of the Class may be identified from records maintained by Beyond Meat, its transfer agent or securities' brokers, and may be notified of the pendency of this action electronically or by mail, using the form of notice similar to that customarily used in securities class actions.

233. Plaintiffs' claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law complained of herein.

234. Plaintiffs will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class action and securities litigation.

235. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and operations of Beyond Meat;

(c) whether the price of Beyond Meat's stock was artificially inflated during the Class Period; and

(d) to what extent the members of the Class have sustained damages and the proper measure of damages.

236. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

COUNT I

For Violation of §10(b) of the Exchange Act and Rule 10b-5 Against Defendants

237. Plaintiffs repeat and reallege every allegation contained above as if set forth herein.

238. This Count is brought by Plaintiffs on behalf of themselves and the Class.

239. This Count is brought against Defendants.

240. During the Class Period, each of the Defendants named in this Count disseminated or approved the statements as specified above in ¶¶38-40, 42-44, 46-47, 54-58, 60-62, 64-70, 75-79, 84-85, 95-101, 114-116, 122-127, 133-135, which they knew or recklessly disregarded contained material misrepresentations and/or failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

241. Defendants violated §10(b) of the Exchange Act and SEC Rule 10b-5 in that they:

(a) employed devices, schemes, and artifices to defraud;

(b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Plaintiffs and others similarly situated in connection with their purchases of Beyond Meat common stock during the Class Period.

242. Defendants, individually and together, directly and indirectly, by the use, means and instrumentalities of interstate commerce and/or the mails, engaged and participated in a continuous course of conduct to conceal the truth and/or adverse material information about Beyond Meat's business, operations, and financial condition as specified herein.

243. Defendants had actual knowledge of the misrepresentations and omissions of material fact set forth herein, or recklessly disregarded the true facts that were available to them.

244. As a result of the dissemination of the materially false or misleading information and/or failure to disclose material facts, as set forth above, the market price of Beyond Meat common stock was artificially inflated during the Class Period. In ignorance of the fact that the market price of the Company's common stock was artificially inflated, and relying directly or indirectly on the false and/or misleading statements, or upon the integrity of the market in which the Company's common stock traded, and/or on the absence of material adverse information that was known to or recklessly disregarded by Defendants (but not disclosed in Defendants' public statements during the Class Period), Plaintiffs and the other Class members purchased Beyond Meat common stock during the Class Period at artificially high prices and were damaged thereby.

245. Plaintiffs and the Class, in reliance on the integrity of the market, paid artificially inflated prices for Beyond Meat common stock, and suffered losses when the relevant truth was revealed. Plaintiffs and the Class would not have purchased Beyond Meat common stock at the prices they paid, or at all, if they had been aware that the market price had been artificially and falsely inflated by these Defendants' misleading statements.

246. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiffs and the other Class members suffered damages in connection with their Class Period transactions in Beyond Meat common stock.

247. By reason of the foregoing, Defendants have violated §10(b) of the Exchange Act and SEC Rule 10b-5.

COUNT II

For Violation of §20(a) of the Exchange Act Against the Individual Defendants

248. Plaintiffs repeat and reallege every allegation contained above as if set forth herein.

249. This Count is brought by Plaintiffs on behalf of themselves and the Class.

250. This Count is brought against the Individual Defendants.

251. The Individual Defendants were each control persons of Beyond Meat during the Class Period by virtue of their positions as directors and/or senior officers of Beyond Meat.

252. Each of the Individual Defendants named in this Count acted as a controlling person of Beyond Meat within the meaning of §20(a) of the Exchange Act. By virtue of their high-level positions as officers and/or directors of Beyond Meat, their ownership and contractual rights, participation in and awareness of the Company's operations, and intimate knowledge of the statements filed by the Company with the SEC and/or disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control,

directly or indirectly, the decision-making of the Company, including the content and dissemination of the allegedly false and/or misleading statements.

253. In particular, each of the Individual Defendants had direct or supervisory responsibility over the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions and business practices giving rise to the securities violations as alleged in Count I, and exercised that power.

254. As a direct and proximate result of the Individual Defendants' wrongful conduct, Plaintiffs and other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period when the relevant truth was revealed.

255. By reason of the foregoing, the Individual Defendants named in this Count violated §20(a) of the Exchange Act.

COUNT III

For Violation of §20A of the Exchange Act Against Nelson

256. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein. Count III is brought pursuant to §20A of the Exchange Act against Nelson, on behalf of Plaintiffs, and other members of the Class who were damaged by Nelson's insider trading.

257. As detailed herein, Nelson was in possession of material, non-public information concerning Beyond Meat. Nelson took advantage of his possession of material, non-public information regarding Beyond Meat to obtain millions of dollars in insider trading profits during the Class Period.

258. Nelson's sales of Beyond Meat common stock were made contemporaneously with Plaintiffs' purchases of Beyond Meat common stock during the Class Period.

259. For example, on May 7, 2020, and May 8, 2020, Nelson sold the following shares of Beyond Meat common stock for total proceeds of excess of $12.8 million:

Defendant	Date of Sale	Amount	Price
Mark J. Nelson	5/7/2020	1,825	$127.24
	5/7/2020	2,803	$126.36
	5/7/2020	45,372	$125.22
	5/8/2020	500	$135.49
	5/8/2020	1,000	$127.60
	5/8/2020	1,500	$126.32
	5/8/2020	2,700	$128.69
	5/8/2020	3,100	$125.52
	5/8/2020	3,400	$129.58
	5/8/2020	3,900	$134.50
	5/8/2020	6,970	$131.63
	5/8/2020	8,000	$130.62
	5/8/2020	8,930	$133.55
	5/8/2020	10,000	$132.52

260. During the period from May 11, 2020 through May 15, 2020, Colato purchased the following shares of Beyond Meat common stock:

Plaintiff	Date of Purchase	Amount	Price
Mario Colato	05/11/2020	20	$134.85
	05/11/2020	345	$137.99
	05/11/2020	0	$137.95
	05/11/2020	17	$137.99
	05/12/2020	250	$133.90
	05/12/2020	100	$134.73
	05/12/2020	100	$134.77
	05/12/2020	100	$134.77

	05/12/2020	1,200	$134.77
	05/13/2020	460	$134.00
	05/13/2020	42	$134.00
	05/13/2020	100	$134.00
	05/13/2020	100	$134.00
	05/13/2020	40	$134.00
	05/13/2020	50	$134.00
	05/13/2020	9	$134.00
	05/13/2020	7	$134.00
	05/13/2020	50	$134.00
	05/13/2020	40	$134.00
	05/13/2020	100	$134.00
	05/13/2020	100	$134.00
	05/13/2020	91	$134.00
	05/13/2020	99	$134.00
	05/13/2020	100	$134.00
	05/13/2020	10	$134.00
	05/13/2020	1	$134.00
	05/13/2020	100	$134.00
	05/13/2020	1	$134.00
	05/15/2020	1,650	$133.00
	05/15/2020	200	$133.00

261. Additionally, on November 17, 2020, and November 18, 2020, Nelson sold the following shares of Beyond Meat common stock for total proceeds of excess of $12.9 million:

Defendant	**Date of Sale**	**Amount**	**Price**
Mark J. Nelson	11/17/2020	7,982	$129.69
	11/17/2020	16,687	$127.84
	11/17/2020	31,876	$128.44

	11/18/2020	1,436	$136.88
	11/18/2020	2,373	$133.59
	11/18/2020	8,894	$134.33
	11/18/2020	12,569	$135.40
	11/18/2020	16,581	$136.18

262. During the period from November 10, 2020 through November 12, 2020, SHEPP purchased the following shares of Beyond Meat common stock:

Plaintiff	Date of Purchase	Amount	Price
Lead Plaintiff	11/10/2020	1,414	$123.10
	11/10/2020	6,582	$125.64
	11/11/2020	1,415	$126.94
	11/12/2020	1,400	$128.44

263. Plaintiffs, who purchased shares of Beyond Meat common stock contemporaneously with sales by Nelson suffered damages because: (1) in reliance on the integrity of the market, they paid artificially inflated prices as a result of the violations of §§10(b) and 20(a) of the Exchange Act as alleged herein; and (2) they would not have purchased the common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially inflated by the false and/or misleading statements and concealment alleged herein.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment, as follows:

A. Determining that this action is a proper class action by certifying Plaintiffs as Class representatives under Rule 23 of the Federal Rules of Civil Procedure and Plaintiffs' counsel as Class Counsel;

B. Awarding compensatory damages in favor of Plaintiffs and the other Class members against Defendants, jointly and severally, for all damages sustained as

a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Awarding injunctive and such other equitable relief as the Court may deem just and proper.

JURY DEMAND

Plaintiffs demands a trial by jury.

DATED: October 9, 2023

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CERTIFICATE OF SERVICE

I hereby certify under penalty of perjury that on October 9, 2023, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the email addresses on the attached Electronic Mail Notice List, and I hereby certify that I caused the mailing of the foregoing via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

s/ LAURIE L. LARGENT
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Mailing Information for a Case 2:23-cv-03602-MWF-AGR Saskatchewan Healthcare Employees' Pension Plan v. Beyond Meat, Inc. et al

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Manual Notice List

The following is the list of attorneys who are **not** on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

- (No manual recipients)